

ANNUAL REPORT

of the Interpipe Group
of Companies for

2022



INTERPIPE

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ADDRESS OF THE INTERPIPE GROUP OF COMPANIES CEO

Andrii Korotkov
CEO and Member of the Board
of Directors, Interpipe

For several decades, the Interpipe industrial company has remained among the top ten global exporters of seamless steel pipes and among the top three manufacturers of solid-rolled railway wheels. Our production facilities are located in Ukraine, from where products are supplied to more than 80 countries of the world through a network of sales offices located in key markets in Europe, North America and the Middle East.

Currently, the company is operating under a full-scale russian invasion of the sovereign territory of Ukraine. In these challenging circumstances, our mission is to ensure the creation of safe working conditions for our employees, satisfy the demands of our customers and exceed the expectations of our investors and creditors. We take responsibility for the impact of our operations and consider the needs of our internal and external stakeholders, including shareholders, competitors, suppliers, business partners and local communities.

US \$ 981 mln

IN REVENUES

1.1x

THE NET LEVERAGE
RATIO

Interpipe continuously promotes globally recognized values and engages its employees to share them, as well as encourages a socially responsible approach among our suppliers and subcontractors. We recognize present environmental challenges, so we are constantly striving to reduce the environmental impact of our activities. Thus, the company continues to adhere to the principles of sustainable development and maintain high environmental standards at our facilities.

Starting from February 24, 2022, Interpipe completely suspended production in order to ensure our employees' security and to preserve our production capacity. In April of last year, the company began to resume the operations of some workshops and only since May did it resume the full production cycle: from steel scrap processing to steelmaking, pipe manufacturing and railway products production.

This happened against the backdrop of a new reality of military challenges that negatively affected production costs. First of all, it was the blockade of Ukrainian seaports on the Black Sea, which resulted in a 2.5-3.5-fold increase in the cost of logistics and transportation through European countries. It is also worth noting that due to the destruction of some enterprises in eastern Ukraine, the company had to switch over to importing certain types of raw materials.

Towards the end of the year, regular attacks on Ukraine's electricity infrastructure began, resulting in several blackouts at the national and regional levels. The national regulator imposed strict limits on electricity consumption, including for Interpipe factories, which had a negative impact on production.

The combination of these factors and challenges resulted in a 13% decrease of Interpipe's sales revenue in 2022, to 981 million USD, and an 11% decrease in EBITDA, to 204 million USD. However, the net leverage ratio remained strong and stable, at 1.1x.

Despite all external and internal challenges, Interpipe remains a conscientious and reliable partner to its creditors and investors and continues to service and repay its external credit obligations.

Interpipe has maintained its workforce throughout this difficult year. Approximately 1,000 employees joined the Armed Forces of Ukraine. In the first days of the full-scale invasion, we set up

a Help Center to support our mobilized employees. It operates 24/7, without interruption for a single day, providing soldiers with everything they need. We have taken seven military units of the Armed Forces under our patronage and have been providing systematic assistance with equipment, vehicles, drones and other devices since the first days of the invasion.

The company systematically assists employees and their families in dealing with the consequences of military operations. For example, we help to promptly repair the damaged homes of our employees. As soon as the shelling of Nikopol began, we facilitated the evacuation of the children and relatives of our employees to a safe place, where they are still living at present. The company has been involved in humanitarian aid supply to the population of Dnipropetrovsk region, as well as to IDPs from the east and south of the country.

Over the past 1.5 years, we have gone through hardships and transformations. We have been searching for optimal models of production utilization in the face of power supply disruptions, finding new logistics routes, and learning how to import goods that are not directly related to the company's operations. We have become even more flexible. And most importantly, we have become more resilient to external factors. I would like to thank our employees who continued working in difficult security circumstances and all our customers who supported us during these difficult months. Your continuous support allowed us to maintain our workforce of thousands and help those in need. I am confident that the unity of Ukrainian business, the state, and our partners will allow Ukraine to withstand and prevail.

In July 2023, the Interpipe Board of Directors decided to resume investing in production. This means that the company has entered into a new phase of development. We have returned to the implementation of our strategic investment program, which was suspended over the past 1.5 years. I am confident that this will be a breakthrough to a new level of quality for Interpipe.

IN JULY 2023, THE INTERPIPE BOARD OF DIRECTORS DECIDED TO CONTINUE INVESTING IN PRODUCTION. THIS MEANS THAT THE COMPANY HAS ENTERED INTO A NEW PHASE OF DEVELOPMENT. WE HAVE RETURNED TO THE IMPLEMENTATION OF OUR STRATEGIC INVESTMENT PROGRAM, WHICH WAS SUSPENDED OVER THE PAST 1.5 YEARS. I AM CONFIDENT THAT THIS WILL BE A BREAKTHROUGH TO A NEW LEVEL OF QUALITY FOR INTERPIPE.

SUMMARY OF ACHIEVED RESULTS IN 2022

Despite the challenging conditions in 2022 caused by Russia's full-scale invasion of Ukraine, the Interpipe Group continues to respond flexibly to the new challenges and directs a lot

of its efforts not only towards improving its operational and sustainability performance, but also at helping the country in these difficult times, namely:

OPERATIONAL AND FINANCIAL RESULTS:

595 K tons
OF STEEL PRODUCTION

84 K tons
OF RAILWAY PRODUCTS

US \$ 204 mln
OF EBITDA

1.1x
DEBT BURDEN AS OF 31.12.2022

393 K tons
OF TUBULAR PRODUCTS

US \$ 981 mln
IN REVENUES

US \$ 758 mln
REVENUE FROM THE SALES OF PIPE PRODUCTS

US \$ 164 mln
REVENUE FROM THE SALES OF RAILWAY PRODUCTS

US \$ 59 mln
REVENUE FROM THE SALES OF STEEL AND OTHER PRODUCTS

ENVIRONMENTAL PROTECTION RESULTS:

100% steel
MANUFACTURED FROM STEEL SCRAP WITH THE USE OF EAF (ELECTRIC ARC FURNACE) TECHNOLOGY, ENSURING A LOW CARBON FOOTPRINT OF THE PRODUCTS

by 39%
REDUCTION OF GREENHOUSE GAS EMISSIONS (SCOPE 1 AND SCOPE 2)

95%
THE VOLUME OF SPENT WATER THAT WAS TREATED AND RETURNED OR REUSED IN THE WATER UTILIZATION SYSTEM

55%
SHARE OF PURCHASED CARBON-NEUTRAL ELECTRICITY

0,34 t CO₂-eqv
EMISSIONS RATE PER 1 TON OF STEEL (SCOPE 1 AND SCOPE 2)

SOCIAL RESULTS:

36%
PERCENTAGE OF WOMEN AMONG ALL EMPLOYEES

102,5 hours
AVERAGE NUMBER OF TRAINING HOURS PER EMPLOYEE

18%
STAFF TURNOVER RATE

UAH 46 mln
OCCUPATIONAL HEALTH AND SAFETY COSTS

1,01
COEFFICIENT OF CONFIRMED INJURIES WITH TEMPORARY DISABILITY

RESPONSE TO THE RISKS THE GROUP FACED IN 2022

The process of identifying and assessing risk exposure for the Interpipe Group is centralized at the level of the Interpipe Group Board of Directors, with the relevant responsibilities split among specialized units. We pay close attention to the procedure for identifying existing and potential hazards and negative impacts, and regularly review risk registers. In 2022, due to the russian full-scale invasion of Ukraine, the Group representatives reviewed the existing register and compiled a new list of 15 key risks for the operations of the Interpipe Group.

TABLE 1. KEY RISKS OF INTERPIPE GROUP

Nº	RISK	POTENTIAL RISK IMPACT	RISK MANAGEMENT
STRATEGIC (BUSINESS) RISKS			
Risks related to the russian full-scale invasion of Ukraine and warfare			
1	Secure and uninterrupted activity	Decrease in EBITDA and production	Flexible and timely response to changes in the external environment, investments in infrastructure stability (backup generators, water pipelines)
2	Personnel safety and well-being	Threat to the health and life of employees, losses of skilled labor, reduced EBITDA and negative social impact on local communities	Relocation offers for the employees and their families, availability of remote work for engineering and technical staff, financial assistance to local communities and employees, including those serving in the Armed Forces of Ukraine, and investments in a network of local bomb shelters and protective facilities
3	Disruption of logistics	Decrease in EBITDA and production, longer supply times and increase in operating capital costs	Vertical integration of the Group, product-based and geographical diversification of supplies, development of new alternative logistics routes, cooperation with international logistics companies and terminals
Production and additional cost risks			
4	Power supply availability and changes of its market price	Decrease in EBITDA and production	Vertical integration of the Group (e.g., creation of own steel scrap collection sites), product and geographical diversification of supplies
5	Availability of steel scrap and changes in its market price		
6	Availability of natural gas and changes in its market price		Creating a positive image in the labor market, offering employees a salary not lower than the regional average, additional financial assistance to employees and their families during martial law and in case of accidents, creating conditions for career growth
7	Labor cost and labor availability		

Nº	RISK	POTENTIAL RISK IMPACT	RISK MANAGEMENT
Risks related to the russian full-scale invasion of Ukraine and warfare			
8	Trade barriers and limitations	Decrease in EBITDA and production	Recruitment of qualified legal advisors to protect the Group's rights, a highly qualified team specializing exclusively in anti-dumping cases, a transparent system of accounting for business transactions, and a strategy for cooperation with regulatory authorities
9	Market risks		Vertical integration of the Group, product and geographical diversification of supplies, production of high value-added products (pipes with premium connections and wheel sets)
ESG risks			
10	Risks related to the shift towards low-carbon production	Increased negative impact on the environment, penalties for violation of environmental legislation	Production of low-carbon steel, preparation for the development of the Group's ESG strategy, modernization and replacement of heat treatment equipment
FINANCIAL RISKS			
11	Foreign exchange risk	Decrease in EBITDA and production	High share of own exports, optimal treasury policy, taking into account the requirements of currency legislation
12	Liquidity risks	Insolvency on debt obligations	Optimal management of cash balances, significant operating capital, opening of revolving credit lines
13	Counterparty credit risks	Decrease in EBITDA and production	Credit risk management, preliminary monitoring and negotiations with counterparties
14	Regulatory restrictions of the National Bank of Ukraine on the servicing of external financial obligations and shortening of currency return terms	Default on external financial obligations Reduction of export sales	Negotiations with the National Bank on the implementation of currency liberalization Obtaining permission from the Ministry of Economy of Ukraine to extend the terms of return of foreign exchange earnings
OPERATIONAL RISKS			
15	Investment analysis risks	Excessively high investments with low profit after realization	Separate Investment Committee under the Board of Directors, detailed and high-quality internal expert evaluation and risk management in the development and approval of programs, cooperation with leading global engineering companies
16	IT and information security risks	Cyber-attacks, leaks of key business information, disruption of production processes	Transfer of data storage to remote servers in the EU and the US, organization of additional communication channels, implementation of cyber threat detection and user identification management systems, and regular internal audits and cyber security training

Given the need to rank all risks, representatives of the Group's senior management conducted an assessment of the potential impact and severity of Interpipe's risks in 2022 and in the following 3-5 years. The assessment was carried out by ranking on a point scale, where 1 represents the minimum and 10 is the maximum value.

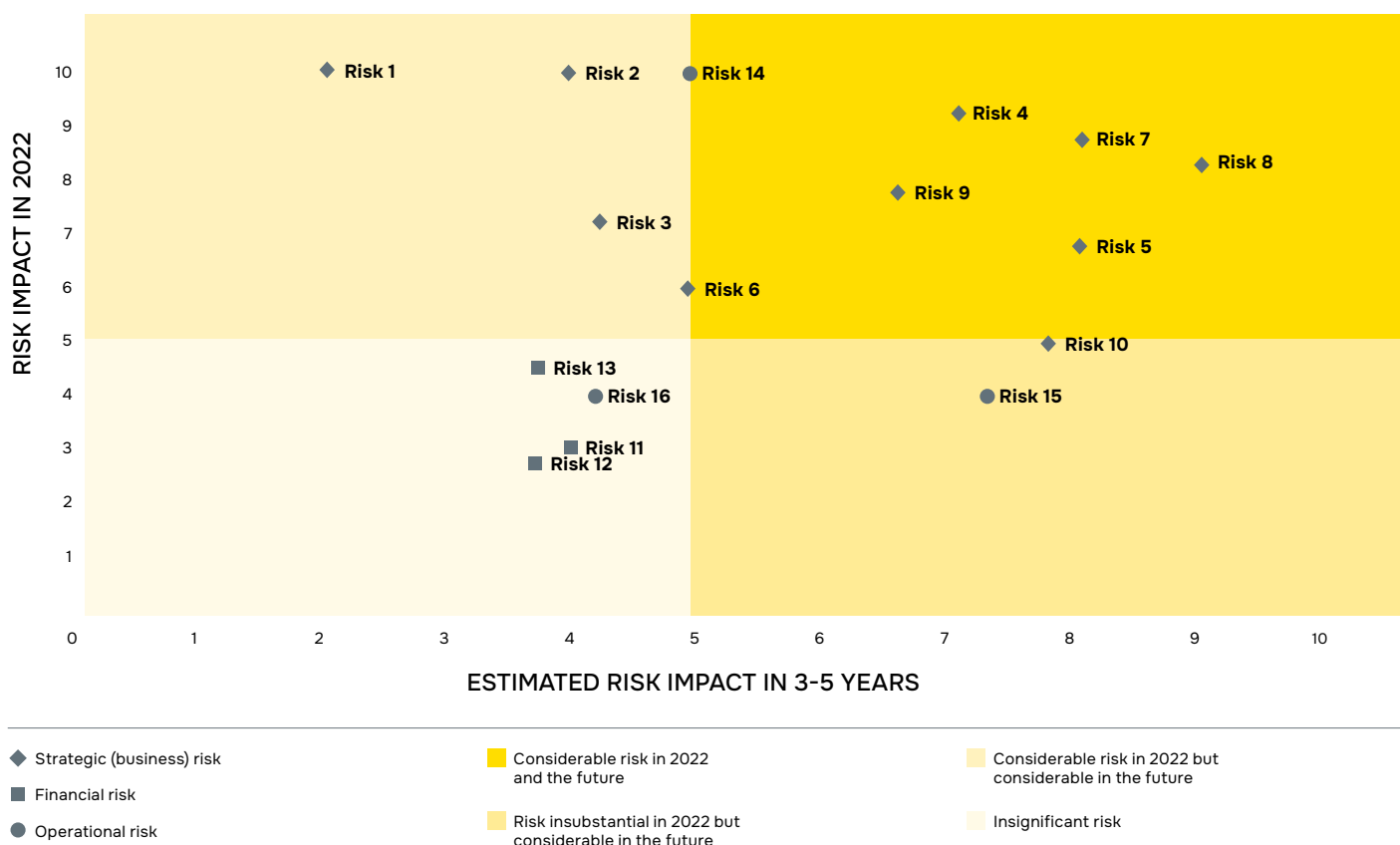


FIGURE 1. THE INTERPIPE GROUP OF COMPANIES KEY RISK SEVERITY MATRIX

Thus, the most significant risks for the Group in 2022 were the risks associated with a full-scale russian invasion of Ukraine and ensuing hostilities.

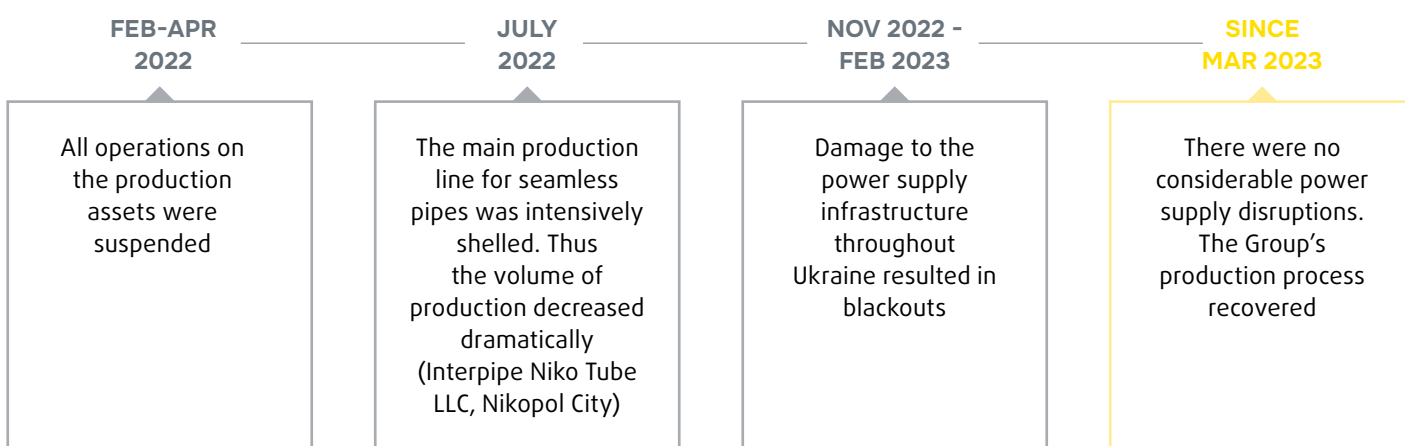


FIGURE 2. CHRONOLOGY OF SERIOUS OBSTACLES INTERPIPE GROUP OF COMPANIES FACED SINCE THE BEGINNING OF RUSSIA'S FULL-SCALE INVASION OF UKRAINE

Russia's unjustified and brutal military invasion of Ukraine caused significant losses and disrupted the stability of the Group's operations, in addition to threatening the health and lives of our employees and their families. The main financial and material losses include expenses during the downtime of the Group's enterprises, lost profits due to reduced production and sales volumes, as well as expenses both for repairs that have already been carried out and for those still required due

to the shelling by Russia of the Group's enterprises. Between February 2022 and May 2023, "Interpipe Niko Tube" LLC in Nikopol was shelled 14 times, and more than 59 production and administrative buildings were hit. During the large-scale shelling of PJSC "Interpipe Nizhnedneprovsky Tube Rolling Plant", about 11 production facilities were damaged, including the main building of the wheel-rolling workshop.

TABLE 2. LOSSES AND DAMAGE OF INTERPIPE GROUP IN THE PERIOD FROM FEBRUARY 2022 TO SEPTEMBER 2023 AS A RESULT OF RUSSIA'S FULL-SCALE INVASION OF UKRAINE

COMPANY	ACTIVITY	REPAIRS AND DOWNTIME, MLN UAH	LOST PROFIT, MLN UAH	PROPERTY AND PROPERTY RIGHTS RECOVERY COSTS, MLN UAH	TOTAL, MLN UAH
Group companies in direct ownership:		720.7	4,637.5	26.7	5,384.8
"MP "Dneprosteel" LLC	Steel billet production	264.6	922.4	—	1,187.0
"META" LLC	Steel scrap procurement and processing	0.7	—	—	0.7
JSC "Interpipe Dneprovtoormet"		14.4	434.9	—	449.3
"Dneprosteel-Energo" LLC	Electricity resale	0.3	—	—	0.3
JSC "Interpipe Novomoskovsk Pipe-Production Plant"	Welded pipe production	11.0	58.6	—	69.6
PJSC "Interpipe Nizhnedneprovsky Tube Rolling Plant"	Seamless pipe and railway wheel production	57.7	1,118.2	1.2	1,177.1
Vallourec Niko Tube LLC	Seamless pipe production	15.7	—	—	15.7
"Interpipe Niko Tube" LLC		269.0	1,303.0	25.5	1,597.4
Society "Dishware Novomoskovsk" Ltd	Tableware production	14.3	162.5	—	176.8
"Interpipe Ukraine" LLC	Trading	69.7	637.9	—	707.6
"Interpipe Management" LLC	Managerial services	2.1	—	—	2.1
"Transkom-Dnepr" LLC	Transport services	1.2	—	—	1.2

Despite the difficulties, the safety and well-being of our employees and their families, support for the local communities in the regions where the Group operates, and support for the employees who defend our country against Russian aggression have been and remain the priorities of the Interpipe Group.

For more details on the assistance to the military, employees and local communities, please see the **Support for Local Communities** section.

As a result, the Interpipe Group has set the following development priorities:

1. Flexible response to military operations and their consequences.
2. Life and health of employees in the course of their labor activity and preservation of production assets.
3. Support for local communities and assistance to the military.
4. Increasing production volumes and maintaining profitability.
5. Completion of critical investment programs in the pipe and wheel production segments.
6. Developing production of high value-added products (premium pipes and wheelsets).
7. Adjusting the wheel production strategy to reflect the market situation.
8. Gradual resumption of the development of a sustainable development strategy.
9. Business model focus on resource-efficient and environmentally friendly production.

A large industrial furnace, likely a ladle, is shown in a factory setting. The furnace is open, revealing a bright, glowing molten metal surface inside. The furnace is surrounded by yellow metal structures and cables. In the background, there are wooden crates and some people working. The image is partially covered by a yellow and grey graphic overlay on the right side.

THE MAIN ACTIVITY OF THE GROUP

ABOUT INTERPIPE GROUP OF COMPANIES

HISTORY OF THE GROUP

The history of Interpipe Group's business began in the late 19th century, when the first plant, which is now part of the Group, was inaugurated in the city of Katerynoslav (now Dnipro).

1891

ESTABLISHMENT OF THE FIRST PLANT, WHICH IS NOW PART OF INTERPIPE

The first seamless pipe was produced at Interpipe's current facilities as early as 1895, and the experience of manufacturing railway wheels dates back to 1933. Additionally, in 1957, the production of pipes for oil and gas extraction began. The first welded pipe was delivered in 1965.

THE FIRST WELDED PIPE WAS DELIVERED IN

1965

1990

ESTABLISHMENT OF INTERPIPE SCIENTIFIC AND PRODUCTION INVESTMENT GROUP AS A CORPORATION FOR THE IMPLEMENTATION OF INNOVATIVE DEVELOPMENTS IN THE FIELD OF MANUFACTURING PIPE PRODUCTS

Initially, the enterprise was engaged in the introduction of innovative developments in pipe production technologies at steel works inherited from the USSR. The progressive approach to production proved its worth in 1994, when the Nyzhniodniprovsky Tube Rolling Plant was among the first former Soviet facilities to be certified by the American Petroleum Institute (API).

The investment group's deep knowledge of operational processes and commitment to innovation became the key to its further growth. Large seamless and welded pipe manufacturing enterprises in the city of Dnipropetrovsk (now Dnipro), as well as other factories and plants in the region united under this brand. Interpipe's high-tech pipe and railway products have established themselves in the international market.

INTERPIPE'S HIGH-TECH PIPE

AND RAILWAY PRODUCTS HAVE ESTABLISHED THEMSELVES IN THE INTERNATIONAL MARKET

1999

CREATION OF THE KLV RAILWAY BRAND AND SETTING-UP OF THE KLV WHEELCO TRADING COMPANY IN SWITZERLAND

2007

START OF THE PROJECT ON THE CONSTRUCTION OF AN INNOVATIVE STEELMAKING COMPLEX

In 2002-2008, a comprehensive investment program aimed at increasing production capacity at the pipe and wheel factories was implemented. For the first time in Ukraine, the Group mastered UPJ, a new type of semi-premium anti-corrosion and highly hermetic threaded connection. To ensure a steady supply of raw materials for uninterrupted production, the Group acquired a scrap collection enterprise in 2008.

2008

ACQUISITION OF INTERPIPE VTORMET, THE BEGINNING OF ITS MODERNIZATION, AND THE CREATION OF A NATIONWIDE NETWORK OF SCRAP PROCUREMENT SITES

After more than five years of construction and a roughly 1 billion USD investment in a steelmaking complex, Interpipe became the first company to produce steel in an electric arc furnace in Ukraine. The electric steelmaking complex replaced the open-hearth steelmaking and created more than 500 new jobs.

2012

LAUNCH OF INTERPIPE STEEL, AN INNOVATIVE AND ENVIRONMENTALLY FRIENDLY STEELMAKING COMPLEX

In 2012-2014, an investment program was implemented to improve product quality. The Group built lines for applying anti-corrosion coating to finished steel pipes, erected coupling screwing-on installations and billet heating furnaces at its factories in Dnipro and Nikopol.

In 2014, due to the termination of cooperation with customers in Russia, we saw a 45% drop in sales. To overcome this shock, a production digitalization process was launched. We quickly shifted our focus to markets in Europe, the Americas, and the Middle East, where order requirements differed. This led to the implementation of a strategic investment program seeking to increase export capacities and

perform finishing operations for the production of railway wheels. Responding to market demand, we created work sites for manufacturing axles and assembling wheelsets.

2017

THE PRODUCTION OF RAILWAY AXLES AND WHEELSETS WITH IN-HOUSE ASSEMBLY BEGAN

At that time, the pipe segment was focused on the development and mastery of the production of oil and gas pipes with a premium UPJ-M joint, and later on, in 2018-2020, the product line was expanded to include pipes with a premium UPJ-F joint and a semi-premium UPJ-SP joint. Furthermore, the thermal department was modernized, equipment for non-destructive testing of pipes was installed, and production capacity continued to climb.

2018

LAUNCH OF NEW PIPE FINISHING LINES IN NIKOPOL

2019

LAUNCH OF NEW DANOBAT PIPE AND COUPLING THREADING LINES

The need for flexibility and rapid response to changes contributed to improve the effectiveness of the Group's technological processes. In the Railway Products Division, during 2020-2022, we implemented an investment project to increase the production of finished machined wheels and the finishing of wheels, as well as launched a new site for the assembly of wheelsets.

2021

COMPLETION OF DIVISIONAL STRUCTURE FORMATION, CONSOLIDATION OF PIPE ROLLING SHOPS

Over the past 10 years, the Interpipe Group has continued to modernize the equipment and processes at the enterprises. The divisional structure became the basis of the Group's business model.

BUSINESS MODEL AND REGIONAL PRESENCE

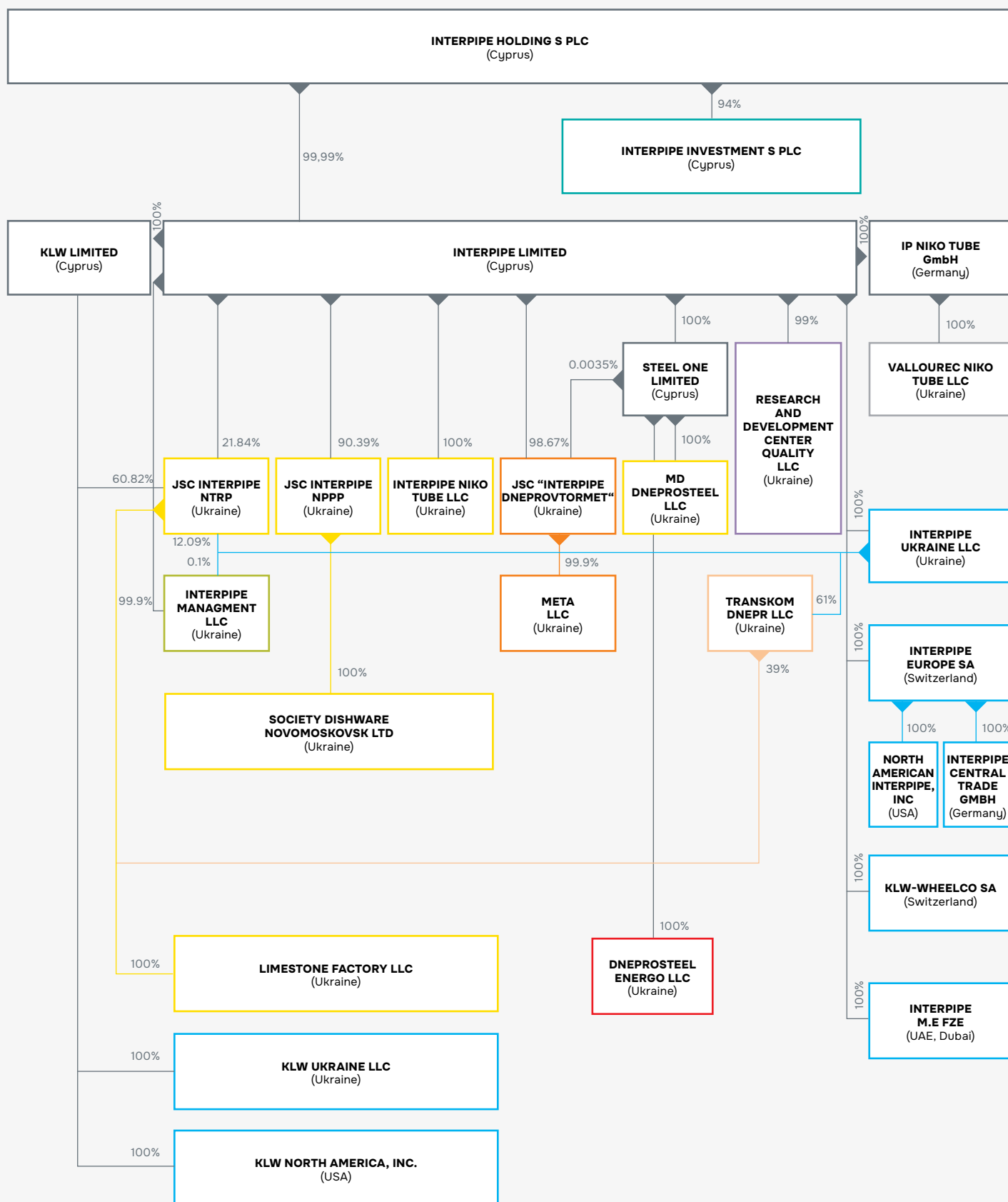
A BRIEF OVERVIEW OF THE COMPANY

This Report covers the parent company, Interpipe Holdings Plc, and its majority-owned subsidiaries. The main advantage of Interpipe is its established vertical integration. The Group holds stakes in several companies. The scope of this Report includes subsidiaries that Interpipe controls through direct or indirect ownership of at least half of their shares.

The Group has three divisions according to key product type, namely: Steel, Pipe, and Railway Products. The divisions consist of production enterprises and support companies. Interpipe Group's production facilities are concentrated in the Dnipropetrovsk region within a radius of up to 150 km, which enabled establishing efficient internal logistics.

Interpipe steel products are sold in most regions globally through trading companies in four countries (Switzerland, the USA, Germany, and the United Arab Emirates). In addition, the Group encompasses enterprises beyond these divisions. Among them are Society "Dishware Novomoskovsk" Ltd, a tableware manufacturing company, "Interpipe Management" LLC, its administration arm, "Transkom-Dnepr" LLC, a transport company, "Research and development center "Quality" LLC, an R&D unit, "Limestone factory" LLC, a lime supplier, and "Dneprosteel-Energo" LLC, an electricity supplier. Furthermore, the Group has sales offices in Ukraine and abroad, whose functions include product sales, representation of the Group in a given region, and optimization of logistics routes.





Holding company	Production asset	Equipment rental services	Trading company	Issuer of performance securities
Consulting company	Processing of scrap metal	Transport company	Research and development and production quality control company	Energy supply company

FIGURE 3. CHART ON DIRECT OWNERSHIP OF COMPANIES BY INTERPIPE GROUP (AS OF DECEMBER 31, 2022)¹

¹ Interpipe-M LLC, Interpipe Kazakhstan LLC, and Vtormet Luhansk Combine LLC are beyond the scope of this Report. As of the date of publication of this Report, "Interpipe-M" LLC is in the process of liquidation. (please see the section **About this Report** for more details about the reasons for exclusion).

STEEL PRODUCTION. We supply our end product manufacturing enterprises with our own round steel billets, ensuring that the chemical composition of the steel, its properties and quality meet the requirements. This model reduces the risk of a shortage of steel billets at the Group's enterprises and provides an opportunity to lower the carbon content of end products due to green technology used as part of the in-house production of steel². We invested 1 billion USD in the design and construction of the innovative metallurgical complex of "MP "Dneprosteel" LLC, which boasts the largest round steel production facilities in Eastern Europe. It enjoys one of the best specific indicators of CO₂ emissions per ton of steel in the EU and meets

strict modern environmental standards for air emissions, as well as low noise levels and no discharge of industrial wastewater into external water bodies.

In order to provide raw materials for the steel complex, the Interpipe Group of Companies has built its own network of steel scrap collection and processing on the territory of Ukraine — ten scrap yards. JSC "Interpipe Dneprovttormet" is charged with the comprehensive procurement of metal charge and its delivery to the production facilities of "MP "Dneprosteel" LLC. Our in-house scrap collection network is among the key elements of Interpipe's vertically integrated business model.

PRODUCTION OF PIPES. The Interpipe Group produces a wide range of pipe products for various industries such as oil and gas, construction, transport, and more. "Interpipe Niko Tube" LLC unites two pipe-rolling plants, where seamless pipes of various types (drilling, oil pipeline, industrial, etc.) are manufactured. The Pipe Division also includes JSC "Interpipe Novomoskovsk Pipe-Production Plant", where general-purpose welded pipes are made from steel strip. The most technologically advanced product is pipes for drilling wells with gas-tight UPJ and INTREPID connections developed in-house. We are actively engaged in improving the characteristics of pipe products.

To increase production efficiency, Interpipe enters into partnerships with other leading manufacturers. One of the successful cases of such cooperation is the joint venture of "Interpipe Niko Tube" LLC and Vallourec, the world leader in the production of pipes for the oil and gas industry. Vallourec Niko Tube LLC combined Vallourec's expertise and technologies with our experience in the Ukrainian market. Since 2018, the joint pipe processing shop has been performing the final stages of production for certain types of seamless pipes to be then sold on the market under the Vallourec brand. Part of Interpipe's production personnel underwent training at Vallourec enterprises in Germany. As early as 2021, the joint venture's products were marketed under the Interpipe brand, and in 2022 the Group bought out the shares of the joint venture, becoming its sole owner.

Despite a significant decline in production volumes in 2022, the Group remains a TOP-10 global manufacturer of seamless pipes. Maintaining a high position in the competitive market requires constant work on developing new products and improving production technology.

PRODUCTION OF RAILWAY WHEELS. In addition to pipes, PJSC "Interpipe Nizhnedneprovsky Tube Rolling Plant" manufactures railway products. This enterprise is the only production asset in the Group that is part of the Railway Products division. The Group supplies railway wheels, axles, wheelsets, and rims to railway operators, as well as to wagon-manufacturing and repair enterprises. Railway products for export markets are supplied under the KLV brand, which has been growing for more than 30 years. In response to market demand, the Group has attracted investment to start manufacturing rail axles and assembling wheelsets. Interpipe cooperated with Polish, Austrian, Bulgarian, Slovenian, Indian, German, British, and other railways. A wide range of railway products for freight and passenger fleets allowed the Group to become a TOP-3 world exporter of wheels, and maintain this position despite the challenges of 2022.

Product diversification is strategic for the Group. Each of the business segments (steel, railway, and pipe) is described in more detail in the section The Group activities and key products: overview by business segments.

Since its foundation, the Interpipe Group has been implementing manufacturing technologies and innovations to maintain the high quality and competitiveness of its products. The Group focuses on high-margin market segments. In the pipe segment, the focus is on the expansion of the product line for oil and gas extraction in difficult conditions and precision pipes for mechanical engineering, on the improvement of heat treatment technologies for seamless pipes and non-destructive testing technologies. In the railway segment, Interpipe focuses on the development of wheels with increased axle load and longer service life, as well as the expansion of product offerings for the high-speed passenger rail segment.

Moreover, Interpipe holds stakes in several associated companies that provide services to the Group's subsidiaries. Such companies include "Nikopol Tooling Plant" PrJSC and "Nikopol Repair Plant" PrJSC, which manufacture and repair industrial equipment. Also, one of the mentioned associated companies is "Teplogeneratsia" PrJSC, a supplier of steam and hot water for industrial needs.

² Green technology refers to steelmaking in electric arc furnaces (EAF).

VALUE CHAIN

Interpipe creates economic value by supplying quality steel products that are a reliable solution in the value chain of the Group's customers. The Group's vertical integration provides for a reduction in the production costs of products and, accordingly, allows for a more competitive price in the market. Our manufacturing capabilities enable us to meet individual customer requirements for the properties of steel products.

The Group's external supply chain is conventionally divided into two parts: upstream and downstream. Our goal is to create value and improve the operating conditions of the Group's business in both directions. Within the Group, we strive to deepen integration and achieve the most efficient synergy between enterprises through optimized material flows between the main production links.

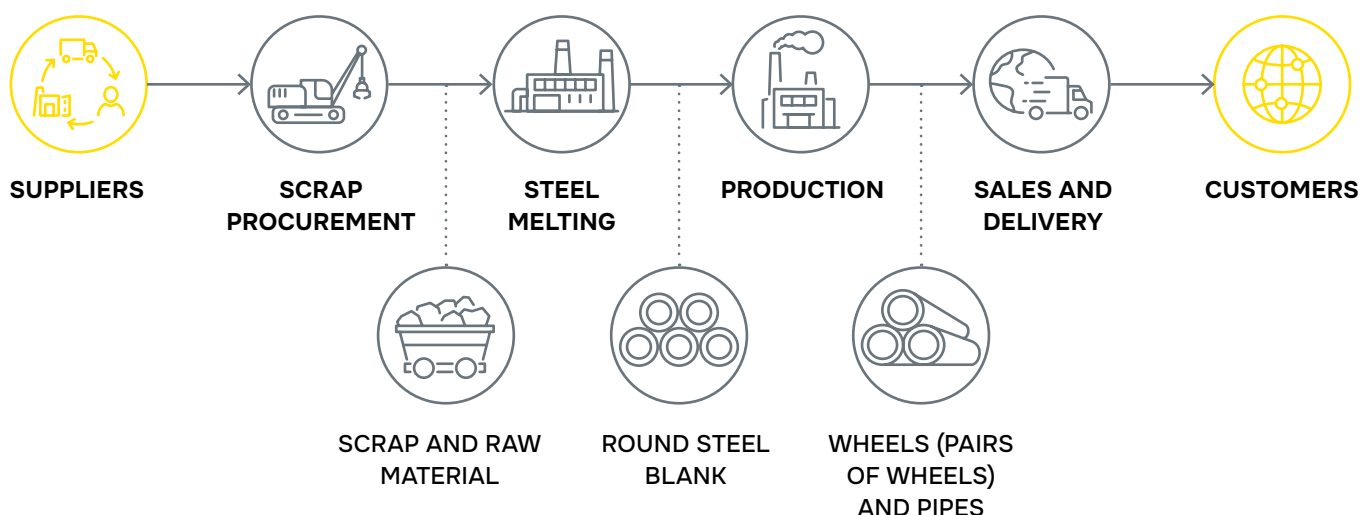


FIGURE 4. OVERVIEW OF PRODUCTION PROCESSES AND MATERIALS FLOW WITHIN THE GROUP

UPSTREAM in Interpipe's supply chain is primarily represented by suppliers of resources (which are typical for the industry, i.e., energy, steel scrap, ferroalloys, steel strip, and pig iron) and production equipment. The procurement process is based on the principle of centralization of the Group's procurement needs. However, the most valuable resources (for example, steel scrap, electricity) are purchased separately. Communication with suppliers mainly occurs through our own electronic tender platform. To gain access to it, suppliers need to get accredited. This optimizes

the Group's costs, and ensures that bidders' products and services comply with the established requirements.

Also, to ensure electricity supply for the steel complex, the first 330 kV cable line in Ukraine was created to connect the Interpipe Steel complex with the Pichna substation and the Prydniprovskia CHP. The line was laid down under railway tracks and the Samara River through horizontal drilling and using protection and insulation technologies.

TECHNOLOGICAL PROCESSES. Purchased materials are sent to Interpipe's production facilities to be further processed. Operational processes are organized to make the Group as self-sufficient with in-house materials as possible or to purchase them at the most advantageous prices. This is facilitated by the proximity of production facilities to

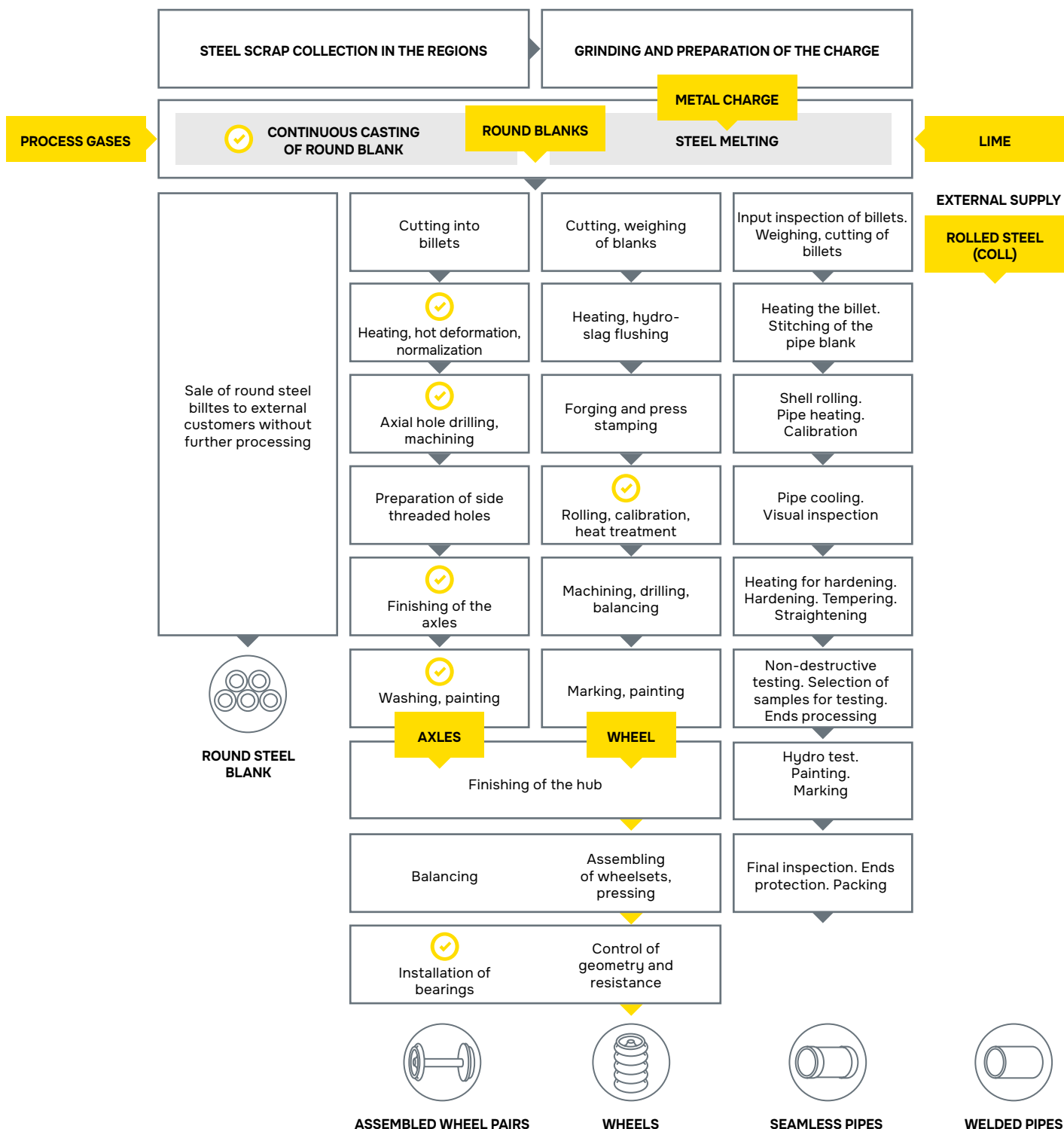
each other. The use of in-house materials and the efficient organization of the internal value chain enable the Group to control the level of production costs in an effective way and to set competitive prices for the final steel products while maintaining high margin indicators.

DOWNSTREAM. The Interpipe Group sells its pipe products to a wide range of customers in industries such as oil and gas, construction, aviation, energy, mechanical engineering, shipbuilding, and the automotive industry. Buyers of railway wheels and wheelsets are mainly national railway operators and companies involved in the manufacturing or repair of rolling stock. The Group supplies most of its products

abroad to the regions of America, Europe, the Middle East and North Africa, and the CIS countries. In response to our customers' requirements, we are actively engaged in the digitalization of our production processes. This helps fulfill customer orders for small batches of goods with tailored characteristics.

To facilitate comfortable and effective interaction with our clients, we have developed a Portal for Interpipe Customers. In this portal, online requests for the purchase of products can be placed, the status of request processing and that of the order can be tracked, and the details of the order can be viewed. We have incorporated a GPS tracking feature for monitoring the vehicles transporting the goods. Moreover, with this tool customers can easily contact the support service and an account manager, as well as use the online complaint handling system.

The business model of Interpipe Group has proven its effectiveness in ensuring geographical diversification of sales and a presence in more than 80 countries worldwide. The Interpipe Group not only achieves financial and operational success, but also helps strengthen related industries involved in its value chain, to ultimately ensure the resilience of the entire Group. The key directions for the further evolution of the business model include targeting the most attractive markets and investing in new production facilities to generate greater added value products and optimize costs.



✓ marked stages at which Interpipe conducts product quality control

FIGURE 5. DETAILED CHART FOR THE TECHNOLOGICAL PROCESSES OF INTERPIPE GROUP AND THE FLOW OF MATERIALS WITHIN IT

EXTERNAL INITIATIVES

Interpipe Group joined the United Nations Global Compact (UNGC) in 2009, but temporarily suspended its reporting in 2014. The Group resumed active participation in the initiative in 2021. As part of its cooperation with the UNGC, we annually prepare and publish a Communication on Progress. The first publication covered the period 2019-2020, and the second covered the year 2021. In addition, starting in 2021, Interpipe regularly participates in UNGC events, including conferences and open discussions that concern the environment, anti-corruption, and post-war recovery of Ukraine. In 2022, Interpipe joined the SDG Innovation Accelerator for Young Professionals to develop a corporate sustainable development project. Furthermore, the Group was awarded an EcoVadis Bronze medal in 2021.

MEMBERSHIP IN ASSOCIATIONS

We strive to participate in the shaping and implementation of a long-term, medium-term, and current program for the advancement of Ukraine's mining and metallurgical sectors and steel scrap recycling industry. To that end, Interpipe Group and some of its enterprises have joined the activities of the following organizations:

- **Ukrtruboprom association**

The association is focused on improving the efficiency of pipe enterprises, enhancing cooperation among them, and introducing modern technologies. For this purpose, Ukrtruboprom brings together the State Pipe Institute, VNITI-TEST SOE, a national certification body, and 13 specialized Ukrainian pipe companies. The association also addresses social issues and the provision of pipes to the domestic market. Interpipe Group has been a permanent member since its establishment in 1992.

- **Ukrmetallurgprom association of enterprises**

This association was set up more than 25 years ago to ensure the most favorable conditions for the stable development of the Ukrainian mining and metallurgical sector. Ukrmetallurgprom's members include leading Ukrainian mining and processing works, R&D and educational institutes, and metallurgical enterprises. "MP "Dneprosteel" LLC joined the association in July 2015. Since 2016, the association has been selected as an affiliated member of the World Steel Association. Ukrmetallurgprom also cooperates with European and international institutions, representing the trade and economic interests of its members.

- **Ukrainian Association of Secondary Metals public union**

The Ukrainian Association of Secondary Metals has been operating since 1999 as a non-commercial association of enterprises in the processing industry. Its members cover about 75% of the scrap and waste of ferrous metals in Ukraine. The Association focuses its efforts on representing and protecting the interests of its members in the markets for the priority supply of steel scrap to Ukrainian manufacturers. Its activity in the field of steel scrap operations promotes healthy competition and fighting corruption. JSC "Interpipe Dneprovstremet" joined the union in December 2018 and, together with its regional divisions, participates in the initiation and preparation of projects for the regulation of business activities in the field of secondary metals.

- **Federation of Employers of Ukraine**

The Federation of Employers of Ukraine (FEU) was founded in 2002 with the aim of representing and protecting the interests of businesses in Ukraine and internationally, establishing effective cooperation between business, the state and trade unions, and introducing best business practices in Ukraine. The FEU has about 8,500 member enterprises, which collectively generate around 70% of Ukraine's GDP and provide jobs for approximately 5 million people. Interpipe joined the FEU in September 2020.

- **European Business Association**

The European Business Association (EBA) was founded in 1999 with the support of the European Commission in Ukraine. The EBA brings together more than 1,000 companies operating in the Ukrainian market. In its activities, the EBA focuses on assisting its member companies in developing their presence in the Ukrainian market, fostering connections and cooperation among them, protecting the interests of investors, and promoting cooperation between Ukraine and the EU. The EBA has wide media presence, which helps promote Ukrainian exports and showcase Ukraine's prospects for investment and business. Interpipe joined the Association in March 2017.

STRATEGY AND GOALS OF THE GROUP

GENERAL STRATEGY AND GOALS OF THE INTERPIPE GROUP

Since 2008, understanding the competitive advantages of vertical integration and diversification in cyclical global markets, Interpipe has gradually evolved into a vertically integrated Group that is a recognizable and important player in the global market.

The most significant and historical steps for the Group was putting into operation “Interpipe Steel”, an electric steelmaking plant, with one of the lowest specific carbon footprints per ton of steel in Europe. This was a comprehensive strategic decision, coupled with the acquisition of steel scrap collection sites, a sorting and processing facility in the city of Dnipro, as well as the construction of our own dedicated power transmission line from Prydniprovskia CHP directly to Interpipe Steel (which exempted the Group from paying the tariff for electricity transmission to it).

The Group’s strategy aimed at integrating innovative components into production processes and coming up with its new in-house developments helped identify promising segments in target geographic markets and growth areas at the early stages of the Group’s activities and provided the basis and vector for further business advancement.

The Group’s efficiently structured vertical integration and consolidated scientific, production, human, and management capacities secured Interpipe Group’s confident position as a global player in the market of steel, pipe, and railway products.

The core focus of Interpipe Group’s strategy is to continuously increase business value by expanding production and sales of high value-added products and their sustainable development, taking into account markets forecasts and trends.

In order to ensure effective business management, in 2019, the Group reorganized its management structure and split up three separate business segments (divisions), each with an independent vertical management, own goals and own KPI framework, and reporting directly to Interpipe’s Chief Executive Officer. Within the Group’s vertical integration model, arrangements are in place for effective diagonal interaction between the segments. The reorganization of the Group also ensured the implementation of best practices in corporate governance, separating the Board of Directors and the Management Board of the Company.

TOP-5

WORLD’S LARGEST MANUFACTURERS AND TOP-3 EXPORTERS OF RAILWAY PRODUCTS

TOP-10

WORLD’S LARGEST EXPORTERS OF STEEL SEAMLESS PIPES

THE LARGEST PRODUCER

OF SEAMLESS STEEL PIPES AND RAILWAY PRODUCTS IN UKRAINE

Historically, all the main production assets of the Group have an advantageous geographical proximity, being located in the Dnipropetrovsk region within a radius of 120 km from the head office, which enhances operational and managerial control, and facilitates logistical coordination during the production process.

The Group’s strategy is based on six key elements:

- **Vertical integration** to increase the level of management and reliability of supply chains, control effectively all elements in the added value chain for final products, optimize their costs, improve quality, a potential impact on carbon intensity, accelerate the development of new products, as well as to strengthen competitive advantages on the market. The key goal is to ensure operational stability and competitive advantages and increase the value of the Group as a holistic, competitive, and highly profitable business.
- **Product and geographic diversification** is aimed at strengthening the balance of the Group’s product lines and its sales structure to ensure business resilience to cyclical and sudden regional and global market fluctuations in consumption volumes and prices. Currently, the Group’s product range is supplied to 4 main export regional markets (Europe, America, the Middle East and North Africa, Central Asia) and the domestic market – over 70 countries in total. Control over the efficiency of sales and supply chains is reinforced by sales offices in Kyiv, Lugano (Switzerland), Frankfurt (Germany), Houston (US), Dubai and Abu Dhabi (UAE).
- **Increasing the share of high-value-added products, including through the development and implementation of new products** in the premium and semi-premium OCTG (Oil Country Tubular Goods) pipe joints and expanding into international markets for wheelsets for passenger and high-speed trains. This approach enhances the business’s profitability and

value, while bringing it closer to the end customers. The Group's patented in-house scientific innovations and new developments further strengthens product penetration into niche markets and overall competitiveness.

- **Low production costs while maintaining high product quality** is the cornerstone of the Group's strategy and a response to high price competition in global markets, numerous international trade barriers, and legal restrictions for Ukrainian steel and pipe products, as well as to rising transport and logistics costs due to military hostilities in Ukraine.
- **Financial stability and high liquidity** serve as a buffer for the Group, allowing it to withstand external market and macroeconomic shocks and adverse events, while maintaining uninterrupted production and reserves for further recovery and growth.
- **Accelerating the transition to sustainable development within the Group** is a response to global trends toward decarbonization and the fight against climate change. Given the modern electric steelmaking complex of Interpipe Steel, the Group has already reached a significantly lower carbon intensity in its steel production processes, compared to many of its competitors. This provides strategic advantages to increase demand for the Group's final products in the perspective global market of green steel and reduction of the Group's future costs associated with carbon-related regulations (CBAM carbon tax, future participation in the ETS (emissions trading system), possible regulatory and market restrictions, reputational risks, etc.).

On the way to implementing the development strategy and achieving its strategic goals, the Interpipe Group analyzes and comes up with measures to overcome and adapt to the following key challenges and business risks:

- **Trade barriers**
The Group runs transparent operations and cooperates with trade commissions and government authorities. To mitigate the risks of losing critical markets due to possible trade restrictions, the Group ensures a diversified and balanced presence in the market.
- **Limited domestic market for pipe and railway products**
The Ukrainian market cannot absorb the Group's full production capabilities in terms of either the product range or the volume of products produced. To ensure the realization of its full industrial potential and business growth, the Group has built a highly diversified sales structure, with more than 70% going for exports.
- **Stability and development prospects of the domestic steel scrap market**
The efficient steel production chain, for which the raw material (steel scrap) is supplied through the Interpipe Vtormet network of own scrap collection and processing sites (JSC "Interpipe Dneprovvtormet" and "META" LLC), is one of the fundamental components of the Group's vertical integration. With a production capacity for steel scrap processing of up to 1.35 million tons per year, Interpipe Dneprovvtormet can fully cover the needs of the steelmaking complex in steel scrap.
- **Increased demand and rising prices for steel scrap resulting from the green transition of the global steel market**
The gradual transition towards reduced CO₂ emissions in production will result in an increase in demand and, consequently, an increase in prices for steel scrap, which is the main raw material for the Group's steel production. With

the Ukrainian domestic market already facing shortages, and once the national reconstruction programs kick in (after the main phases of the war), there will be an even greater demand for steel scrap supply from buyers such as Interpipe and others, in order to ensure uninterrupted production of steel. Therefore, the Group is steadfastly working to ensure sustainable production in the long term (more details in the section Production segment: Steel).

- **Strengthening of carbon regulations and introduction of market mechanisms (CBAM, ETS)**
As mentioned above, the Group already boasts one of the best indicators in the EU for specific carbon intensity of steel produced at the Interpipe Steel electric steelmaking plant and a low carbon footprint of its final products, as calculated according to the approved methodologies. In order to mitigate the financial strains associated with the introduction of market mechanisms for carbon regulation (CBAM, ETS), the Group plans to continue investing in the implementation of cutting-edge low-carbon technologies in its own production chain.
- **Lack of qualified personnel and labor migration**
As a result of the war, a lot of working-age people were displaced, which caused a significant negative impact on the domestic labor market. In addition to the current situation, there are risks of a possible increase in labor migration after the end of the war and Ukraine's accession to the EU.

In order to enhance its future recruitment, the Group works toward strengthening the reputation of the brand and the company as an employer, developing long-term training programs with local higher education institutions and vocational schools. The stable financial position of the Group enables it to offer attractive and competitive remuneration packages on the domestic market, opportunities for investment in professional development and career growth, fostering long-term and fruitful cooperation.

As part of its Strategy, the Group is guided by the principles of sustainable development to ensure harmonious business growth with a commitment to addressing environmental, social, and governance issues in the regions where it operates.

Our main goal remains the development of a sustainable, responsible business by virtue of unleashing its accumulated scientific, production, managerial, and human potential to increase the long-term value of the Group — financially for our shareholders, economically, environmentally, and socially for society at large, offering constant customer satisfaction for the end consumers of our products and partners, and as a place for self-realization for our employees.

DEVELOPMENT STRATEGIES FOR THE GROUP'S SEGMENTS

The Group's business comprises three main segments: production of steel billets, steel pipe products, and railway products.

PIPE PRODUCTS SEGMENT

Seamless pipes, which include drilling pipes (OCTG, Oil Country Tubular Goods), line pipes (used primarily in construction, industry, mechanical engineering, pipeline infrastructure, etc.), and mechanical pipes (used primarily in mechanical engineering, energy, etc.).

The key strategic factors for the development of the steel pipe segment for the Group are:

- **Product and geographic diversification**

The supply structure of the Group's steel pipe products is generally well-balanced and includes 5 key regional markets: Europe, America, Ukraine, the Middle East and North Africa, and Central Asia. A core aspect is the expansion of product and geographic portfolios, namely:

- increasing the share of high value-added products in the sales portfolio, such as the OCTG product line and mechanical pipes, especially in the North American (USA), Middle Eastern and North African markets; and
- attracting new customers in Europe (developing regions in Northern Europe and Scandinavia), the Middle East and North Africa and the USA in the OCTG segment by constantly working to expand the portfolio of potential end consumers by meeting the qualification requirements for regular participation in tenders and auctions by international oil companies.

At the same time, in Ukraine, the strategic goal is to contribute to the reconstruction of the country and its industry by offering the widest possible range of pipe products for construction, as well as supporting the national strategy of energy independence through the extraction of its own oil and gas.

- **Strengthening the Group's focus on high value-added products**

The Group focuses on increasing the share of output of high value-added products (in the semi-premium and premium OCTG segment) by:

- increasing the production capacities of premium tight joints and couplings, their heat treatment, processing, and marking;
- investing in the development of new types of tight connections and couplings and the broadening of the OCTG portfolio;
- expanding the service network for OCTG products produced in-house through the certification of new service centers in North America and the countries of the Middle East and North Africa; and
- providing technical support to OCTG consumers in Ukraine directly on site.

The segment of welded pipes, in which round and profile pipes are manufactured, has an insignificant share in the structure of sales and income, and is not strategic for the Group.



RAILWAY PRODUCTS SEGMENT

The product range includes wheels, axles, wheelsets, and rims for both freight and passenger carriages, as well as for locomotives.

The key strategic factors for the development of the railway products segment for the Group are:

- **Geographic diversification**

The group singles out 4 main markets for its products: Ukraine, Europe, the CIS and the Rest of the World (ROW):

- In the domestic market, the core focus is the uninterrupted supply of quality products for the renewal and repair of the fleets of state-owned and private transport operators, support in the reconstruction of the country and ensuring an increase in the volume of freight transportation and commodities turnover. The company is also working to improve technical parameters and offer more innovative products in the market.
- In Europe, the Group's focus is on increasing sales of new products such as wheels and wheelsets for passenger carriages, and entering new market segments of special wheels for orders with special conditions of use.
- In the rest of the world, the core focus is on geographical expansion: in North America (on the US cargo wheels market) and Asia (primarily on the Indian market).
- Due to the military hostilities, the accessible CIS market largely shrank, so the Group had to accelerate the process of reorientation of production to increase the supply of wheels and wheelsets to the markets of Europe and other regions. To this end, the Group has launched the process of updating its railway segment strategy, which it plans to complete by the end of 2023.

- **Strengthening the Group's focus on high value-added products and delivery of products for the next consumption chain link (vertical integration)**

The Group is focused on increasing the share of output of high value-added products (wheels for the passenger and special segments) and strengthening vertical integration by increasing the production of axles and wheelsets.

In this area, we focus on the following areas:

- increasing in-house capacities for mechanical processing of wheels and axles, their inspection, coating and packaging;
- increasing in-house capacities for assembly and inspection of wheelsets; and
- mastering the production of special wheels and axles.

STEEL SEGMENT

The business segment of steel scrap collection and processing to then produce other steel products is the cornerstone of the Group's vertical integration. The steel production segment fulfills the strategic task of ensuring the supply of round steel billets to the other two business segments of the Group, i.e., the production of steel pipes and railway products, and allows achieving the following competitive advantages:

- control and minimization of costs from the purchase of scrap for the production of finished products;
- quality control and management at all of the key stages that shape the properties of the final product;
- control and management of emissions of pollutants; and
- the ability to quickly develop new products for the market, including complex solutions involving new grades of steels and manufacturing technologies, which significantly contributes to the strategic goals of the pipe and railway segments to deliver high value-added products.

The supply of steel billets to foreign markets is not a strategic direction for the Group and occurs on a situational basis to some customers in Europe and Asia, depending on market conditions and production plans in the pipe and railway business segments of the Group.

The strategic task of this business segment is to prepare and build a long-term and resilient structure that supplies the company with steel billets and steel scrap for its vertical integration, given a potential increase in global prices for steel scrap due to the green transition of the global steel market. Since steel scrap is a limited and strategically important resource for the metallurgical industry in the Ukrainian domestic market, Interpipe considers expanding the number of its scrap collection sites in order to independently satisfy the production needs with scrap in sufficient quantities as one of the first such steps.



THE GROUP'S ESG STRATEGY AND GOALS

The importance of the fundamental principles of sustainable development can be seen in all our decisions and actions, including in the adoption of the Group's strategic plans and goals. In 2021, the implementation of Interpipe Group's sustainable development strategy built on a balanced framework of elements of sustainable development began. It covers all of the Group's enterprises and provides an integrated approach to solving key issues in assessing risks and opportunities in the context of new market conditions.

With the help of independent experts, strategic priorities for the further development of Interpipe were identified and legislative trends, the availability of resources, the potential for decarbonization of the production chain, and more, were analyzed. The first drafts of the strategy covered both short-term measures for a period of up to 12 months and long-term initiatives for 5-10 years.

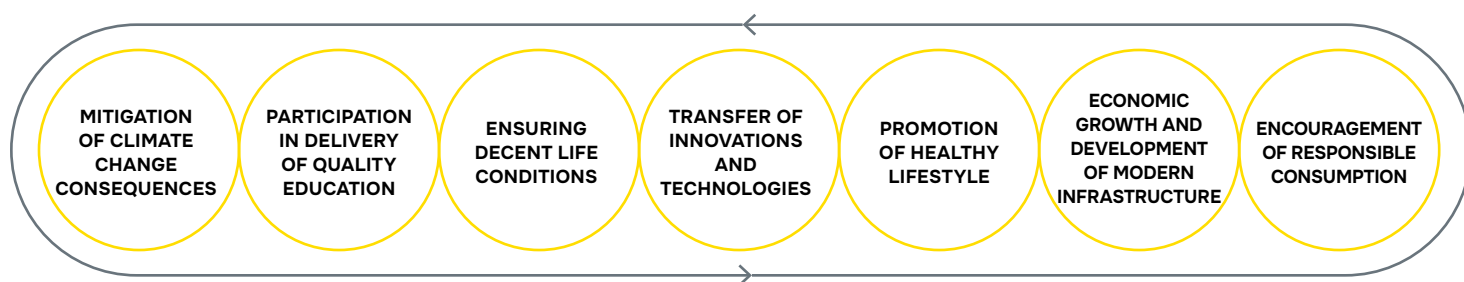


FIGURE 6. ELEMENTS OF THE INTERPIPE'S SUSTAINABLE DEVELOPMENT STRATEGY

Due to Russia's large-scale aggression against Ukraine, we are focused on bringing about the most urgent measures that require rapid implementation.

Since 2021, Interpipe has regularly been participating in UN Global Compact activities related to anti-corruption and the environment. That same year, we were awarded a Bronze EcoVadis Medal, which reflects the integration of sustainable development principles into one's business and management system.

In 2022, the Interpipe Group joined the SDG Innovation Accelerator for Young Professionals to develop a corporate sustainable development project. And since 2023, it has become a signatory of the Principles of the Ukraine Business Compact for the long-term sustainable economic recovery of Ukraine.

In its approach to responsible business conduct, Interpipe Group is governed by the Principles of the UN Global Compact. Below are examples of how Interpipe's CSR strategic goals relate to the UN SDGs.



8 DECENT WORK AND ECONOMIC GROWTH



The Interpipe Group combines innovative steelmaking technologies and new approaches to production culture. The products we manufacture are intended to serve as the foundation for ensuring stable economic growth and reconstruction of the country.

9 INDUSTRY INNOVATION AND INFRASTRUCTURE



The Group plans to take a leading position in the market for the production of high-quality steel products through innovations. Interpipe will continue to engage in the digital transformation of manufacturing processes and invest in Industry 4.0 technologies. Currently, all the Group's assets operate as part of a single ERP system for managing production, sales, finance, personnel, and equipment maintenance.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Product innovation, responsible consumption and production are among the key strategic priorities of our business. Gradual technological modernization of the Group's production assets will reduce the amount of waste generation and contribute to increasing the economic efficiency of production.

13 CLIMATE ACTION



Interpipe adheres to the principles of safe production and maintains high environmental standards at its facilities. In accordance with European targets, Interpipe is developing plans to further reduce its greenhouse gas emissions. We plan to reduce greenhouse gas emissions by 55% by 2030 and achieve climate neutrality by 2050.

3 GOOD HEALTH AND WELLBEING



We strive to improve working conditions by creating safe working environments and securing the health of the Group's employees. For 2022, investment in occupational health and safety amounted to 45.8 million UAH.

4 QUALITY EDUCATION



We will continue to actively work with our partners, business associations, public organizations, and other stakeholders to share best practices and ensure the sustainable development of communities.

11 SUSTAINABLE CITIES AND COMMUNITIES



In 2022, close cooperation with local authorities became one of the key objectives for the provision of assistance to communities under martial law and to the employees of the Interpipe Group.

17 PARTNERSHIP FOR THE GOALS



All the more, we adhere to high environmental standards at our facilities and invest in the development of green metallurgy in order to achieve the global targets for reducing CO2 emissions. In 2012, we undertook a large-scale technological transformation from the dirty open-hearth furnace method of steelmaking to the innovative electric steelmaking complex at Interpipe Steel. As a result, we supply low-carbon products made from scrap, which also contributes to the principles of a circular economy.

The Group has identified the main challenges for 2023, which need to be accommodated when implementing the next projects under the sustainable development strategy. Among other things, they include the adoption of new legislative norms, the loss of qualified employees, the instability of energy supply, and, in general, the prospect of an expansion of military hostilities.

However, the key principles of the sustainable development strategy help overcome these challenges and ensure the resilience of the Interpipe Group to external adverse conditions. After all, even during this challenging period for Ukrainian businesses, Interpipe has managed to preserve its core potential to advance its sustainable development activities. We continue to transform the Group into a resource-efficient and competitive business that cares about its employees, maintains close relations with local communities, and implements resource and energy efficiency measures.

THE GROUP ACTIVITIES AND ITS KEY PRODUCTS: OVERVIEW BY BUSINESS SEGMENTS

INTERPIPE GROUP'S APPROACH TO BUSINESS MANAGEMENT

PRODUCT QUALITY AND CONSUMER SAFETY

The Interpipe Group of Companies, in its activities related to product quality and consumer safety, is guided by the requirements of international and industry standards, current Ukrainian law, and the internal regulations of the Group's production units on product quality and labeling. All internal documents of the Group relating to product quality and consumer safety are based on the principles of sustainable development and responsible business conduct.



GROUP COMPANIES' PRODUCT QUALITY AND LABELING

The product quality and labeling management system falls under the responsibility of the Quality Service of each of the companies of the Group. All production facilities of the Group have adopted and implemented their product quality policy that determines the key product quality objectives and goals. Additionally, "Interpipe Niko Tube" LLC, JSC "Interpipe Novomoskovsk Pipe-Production Plant", "MP "Dneprosteel" LLC, PJSC "Interpipe Nizhnedneprovsky Tube Rolling Plant" and "Interpipe Ukraine" LLC have implemented a quality management system in accordance with the international standard ISO 9001:2015, which has been confirmed by the relevant certificates.

The product quality and labeling management system used at the Group's production facilities is based on the best global practices, which ensure the constant improvement of product quality for our customers. The Group's products comply with a number of international standards, including IRIS, EN, API, DIN and others. The approach puts the Company at an advantage compared to its competitors and demonstrates to customers our responsibility for the products produced at the Group's facilities. For example, compliance with the API (American Petroleum Institute) international standard gives the right to label our pipes with the API monogram (API 5CT, API 5L and API Q1), thereby giving customers confidence in the quality of our pipe products. 100% of our products meet the requirements of international and national labeling standards.

The companies of the Interpipe Group regularly undergo certification, recertification and supervisory audits according to international industry standards, which, among other things, regulate product quality and labeling. All quality certificates are available on the official website of the Group at <https://interpipe.biz/clients/certificates>.

The Interpipe Group manufactures its products according to the specifications previously agreed with each customer. We have internal regulations for product labeling, which include labels on the products and on special plastic tags.

The effectiveness of the product quality management systems is assessed using customer satisfaction surveys. Our customers can submit their suggestions or comments regarding labeling or specification inconsistencies to the Group's representatives responsible for sales (sales managers and technical sales support managers) or contact the one-line call-center specified on our website at <https://interpipe.biz/contacts/contacts>. In the case of any inconsistencies or complaints about the quality of products, the customer submits a complaint regarding specific items of the order.

The Interpipe Group establishes cooperation with its partners and customers in the course of marketing communication sessions at industry conferences and exhibitions. In 2022, the Group presented its railway products at the Innotrans-2022 international railway exhibition in Berlin, and held a customer event for the Group's pipe division partners in Dusseldorf. For more information about our participation in conferences and exhibitions please see the section **Stakeholders and Material Topics of the Group**.

A strategic direction in the Group's product quality development is to attain a leading position in the markets thanks to our high-quality products, achieved through a constant improvement of the quality management system – its functionality, processes and effectiveness. The selection of priority areas for improvement is based on risk assessment in order to avoid undesirable outcomes, as well as assessment and development of the Group's production capacities and development of the Group's production capacities.

CUSTOMER HEALTH AND SAFETY, PRIVACY, AND INFORMATION SECURITY

The Interpipe Group feels responsible for its partners, customers and employees privacy, and therefore strictly adheres to the current legislation on personal data collection, use, processing and protection. We make every effort to comply with all the requirements of the laws of the countries where we operate, in particular the provisions of the General Data Protection Regulation (GDPR) of the European Union and the European Economic Area, as well as other applicable regulatory acts. Also, we understand our responsibility for the health and safety of representatives of all our stakeholders, so we carefully monitor the quality of our products and their compliance with all established standards and requirements.

In terms of privacy and information security, the Group abides by the Personal Data Protection Policy and strives to constantly improve and increase the level of data security of its partners, customers and employees. The personal data protection policy is available on the Group's website at <https://interpipe.biz/esg/gdpr>. All our internal documents are developed in accordance with the requirements of the ISO 27001 and CISA standards³. If some issue is not covered by the internal documents, the Group is guided by ISO standards in the relevant area.

Confidentiality and information security of the Interpipe Group of companies falls under the responsibility of the IT Service and the Economic Security Service. In their activities they are guided by the following key principles: prevent, reduce or contain incidents with minimal impact.

The assessment of impacts on consumer health and safety is done through the sanitary and hygienic examination of the products. Based on the results of the examinations, the relevant conclusions are drawn regarding consumers' health and safety. In 2022, no negative impacts on customers' health and safety from products of the Interpipe Group were identified.

When assessing risks in the field of information security and data privacy, the Interpipe Group divides risks into categories from "A" to "C" according to the degree of their impact on the business, expressed as potential losses caused by the incident. For example, losses from category "C" risks are those estimated at up to 1 thousand USD, category "B" – from 1 to 10 thousand USD, and category "A" – more than USD 10 thousand. The vast majority of potential incidents are classified as category "C" risks.

In all Group companies, information protection is ensured by a combination of password policy measures, data backup and recovery procedures. Also, the Group uses access to confidential information through certificates with a limited validity period. To comply with the requirements of our policies, all employees, customers and partners of the Group shall provide their consent for the processing of personal data. In addition, all of our information service providers shall enter into a non-disclosure agreement (NDA) with the Group.

The Group conducts regular internal and external audits to assess the risks of data breaches with a total duration of about 45 days per year. On average, around 30 issues and vulnerabilities are identified yearly as a result of these audits, all of which are promptly resolved in full.

An additional area of focus for minimizing the risks of data breaches within the Group is the implementation of anti-phishing measures. Our IT specialists have implemented the Cybersecurity Interpipe project which helps preventing users from receiving phishing emails. In 2022, the Company's anti-phishing system detected and neutralized more than 60 thousand malicious emails.

Every year, the Interpipe Group organizes information security training for its employees. In addition, we conduct regular system diagnostics to identify and rectify hardware and software malfunctions.

In 2022, the Interpipe Group launched a number of new information security projects, including:

IMPLEMENTATION OF A REMOTE FULL-FLEDGED BACKUP DATA CENTER TO BACK-UP THE MAIN IT INFRASTRUCTURE OF THE GROUP'S COMPANIES

DEVELOPMENT OF A SERVER CYBER THREAT MANAGEMENT SYSTEM

UPDATING INFORMATION SECURITY POLICY, AND DEVELOPMENT OF NEW APPLICATIONS AND INSTRUCTIONS

³ I.e. Certified Information Systems Auditor, <https://cybersecurityguide.org/programs/cybersecurity-certifications/cisa/>

In 2022, in the context of Russia's full-scale invasion of Ukraine, the biggest challenge for the Group in the field of information protection was power outages due to Russia's shelling of Ukraine's energy infrastructure. Despite this, we managed to sustain stable operations, prevent possible information breaches and provide employees with secure access to confidential data.

The prospective information security goals of the Interpipe Group Companies are as follows:

- implementation and adjustment of risk prevention systems;
- conducting specialized training for employees, partners and clients;
- development and updating the information security regulatory documents;
- improving the information security system internal audit procedure and conducting regular audits.

In order to effectively assess data breach risks and ensure the protection of information, the Interpipe Group maintains continuous open and consistent communication with employees, customers, IT solution providers and other partners. The Economic Security Service and the IT Service of the Group have a dedicated support hotline (tel. +380 (56) 747-40-90; +380 (56) 747-40-76). Also, the employees of the Group and external counterparties can contact the dedicated e-mail address antifraud@interpipe.biz or reach us using the contacts listed on the official website of the Group at <https://interpipe.biz/contacts/contacts>.

In 2022, no complaints were received regarding the violation of privacy or loss of customer data, as well as regarding the safety of products or their impact on the consumers' health and safety.

CAPITAL INVESTMENTS OF THE GROUP

Our approach to investments is regulated by the Investment Policy of the Interpipe Group of Companies. The policy establishes the requirements for the classification of investment project, their management and implementation, and the procedure for adopting an investment decision. The goals of the Group's investment activities are:

- contribute towards the increase in the value of Interpipe's pipe, wheel and steel businesses;
- ensure that the planned sales targets are in line with the available equipment and technologies;
- ensure a price advantage in pipes, wheels and steel production;
- improve the quality of pipe, railway products and steel billets;
- increase in staff productivity.

Based on these goals, the Group develops its Investment Program including a list of projects, decision-making schedules and their implementation plans, estimated capital costs and project return on investment. The Program is designed to

2022

NO COMPLAINTS WERE RECEIVED REGARDING THE VIOLATION OF PRIVACY OR LOSS OF CUSTOMER DATA, AS WELL AS REGARDING THE SAFETY OF PRODUCTS OR THEIR IMPACT ON THE CONSUMERS' HEALTH AND SAFETY

stimulate the increase of the value of the Interpipe Group of Companies and is subject to annual review as part of its strategic planning for the next 5 years.

For large investment projects, a business plan is developed. Depending on the type of project, its business plan includes: a market forecast and the product competitive analysis, an overview of the best production technologies in the relevant industry, a model of the future production flow with a generalized map of equipment, the project budget, its implementation schedule, etc. We also estimate alternative technological solutions and prepare the lists of project implementation risks and contingency action plans.

In accordance with the goals and objectives of our investment activity, we have developed an investment project classification framework. It has 6 categories, namely:

- cost reducing projects;
- projects aimed at expanding production capacities;
- projects designed to introduce new products (change in product assortment);
- projects aimed at maintaining existing sales volumes and ensuring compliance with specifications;
- initiatives to improve occupational health and safety and environmental protection measures;
- projects contributing to increase in sales by improving the technologies used in the production process and upgrading the equipment.

Initially, the Investment Program 2022 included nine main projects, most of which fall under the category of development projects and expansion of production capacities. The current list includes projects at the facilities of "Interpipe Niko Tube" LLC and PJSC "Interpipe Nizhnedneprovsky Tube Rolling Plant". The Program also included projects aimed at introducing new types of products, and maintaining existing sales volumes by ensuring compliance with specifications.

The implementation of the Investment Program for 2022 was suspended due to the full-scale Russian invasion of Ukraine and we were focused on repairing the Group's facilities damaged by shelling. We also provided financial support to the Ukrainian military and to war victims. In addition, we also had to deal with urgent issues and maintain operational resilience given the electricity shortages.

TABLE 3. LIST OF THE MAIN PROJECTS INCLUDED IN THE CURRENT INVESTMENT PROGRAM OF THE INTERPIPE GROUP OF COMPANIES

PROJECT NAME	PROJECT DESCRIPTION	CAPEX	STATUS ⁴
Projects of "Interpipe Niko Tube" LLC			
Pipe heat treatment line at TRS No. 2	Construction of a pipe heat treatment line for the production of high-margin pipes to satisfy market requirements.	37.3 mln USD	More than 90% completed
Replacement of working rolls of piercing mills on the input and output sides in TRS No. 2	Replacement of equipment to eliminate contingency emergency stop and increase the accuracy of the wall thickness of the manufactured pipes.	16.8 mln USD	Resumption of the 1st engineering stage is approved
Purchase of a swaging press for upsetting pipe ends	Construction of a new swaging press to ensure the production of pipes with upset (thicker) endings and replacement of current equipment to maintain production volumes.	4.3 mln USD	Resumption of the project is planned
Purchase of an automated line for the hydraulic testing of pipes	Ensuring compliance with customer requirements and standards for hydraulic testing and profiling of 140-340 mm casing pipes.	6.1 mln USD	More than 80% completed
Projects of PJSC "Interpipe Nizhnedneprovsky Tube Rolling Plant"			
Increase the full-profile wheel processing capacity	Generating additional marginal income by increasing the capacity of mechanical processing of wheels for export.	53 mln USD	Resumption of the project is planned
Upgrade the heat treatment unit in the wheel rolling workshop (1 st stage – engineering)	The project includes the development of basic engineering for the construction of a heating furnace, quenching machines, a tempering furnace and a water treatment area to make an informed decision on the feasibility of building a heat treatment unit.	0.3 mln USD	The 1st engineering stage of the project is 70% completed
Upgrade heat treatment unit in the wheel rolling workshop (2 nd stage – the core project)	Construction of a railway wheel heat treatment line for the production of high-margin railway wheels in accordance with market requirements.	60 mln USD	The start of implementation is planned after the completion of the 1st engineering stage
Increase the processing of half-finished axles in the axle and wheelset production workshop ⁵	Transferring the axial billet heat treatment to a more energy-efficient furnace.	0.8 mln USD	Approved with a 12-month implementation period
Installation of a measuring device for the geometrical parameters of railway wheels	Measurement of geometric parameters of mechanically processed railway wheels in automatic mode	3.3 mln USD	Approved with a 21-month implementation period
Modernization of the installation for measuring the geometrical parameters of railway wheels	Modernization of the existing installation for measuring the geometrical parameters of mechanically processed railway wheels	1.1 mln USD	Approved with a 24-month implementation period
Projects of "MP "Dneprosteel" LLC			
Increase the CCM ⁶ -1 billet production capacity	Increasing the CCM-1 billet production capacity in accordance with market requirements.	5.2 mln USD	Resumption of the project is currently not planned
Projects of JSC "Interpipe Dneprovttormet"			
Modernization of the fleet reloading machines	Purchase of new steel scrap reloaders to replace the outdated ones in order to maintain the volume of steel scrap stock.	1.1 mln USD	Partly resumed, phased implementation

Prior to the projects being suspended due to the full-scale invasion, the construction of the pipe heat treatment line and the automated hydraulic testing line were ahead of schedule and more than 80% complete. For this reason, their quick resumption was possible without significant additional investments.

In July 2023, a decision was made to resume engineering and development stages of most of the projects under the Investment Program 2022. Meanwhile, in view of its strategic importance, the decision to resume the engineering on the heat treatment unit rehabilitation project at PJSC "Interpipe Nizhnedneprovsky Tube Rolling Plant" was made even earlier – in March 2023.

⁴ As of the date of preparation of this Annual Report.

⁵ The wheel rolling workshop's heat treatment unit project was developed and approved in 2023.

⁶ CCM – continuous casting machine

PRODUCTION SEGMENT: STEEL

STEEL AND STEEL SCRAP BUSINESS SEGMENTS AS THE BASIS OF VERTICAL INTEGRATION OF THE GROUP'S BUSINESS

The Interpipe Group is the only vertically integrated manufacturer of steel pipe and railway products in Ukraine. The fundamental component of the Group's vertical integration is an effectively built steel (round billet) production chain, which leverages the capacities of Interpipe Vtormet company (JSC "Interpipe Dneprovvtormet") for the procurement and processing of secondary metal raw materials (steel scrap), and the modern Electric Arc Furnace Interpipe Steel ("MP "Dneprosteel" LLC), which produces environmentally friendly "green" steel with a low carbon footprint from the received scrap.

The Group having its own metallurgical production facilities can better monitor the quality of the steel as well as its environmental impact and carbon intensity of the final pipe and railway products. High product quality and low carbon footprint provide a strategic foundation for a higher demand for the Group's products in the promising global "green" steel market.

THE ONLY METALLURGICAL COMPLEX IN UKRAINE WITH A LOW CARBON FOOTPRINT

January 17, 2022 marked the 10th anniversary of the Group's metallurgical plant – the electric steelmaking complex (Electric Arc Furnace) Interpipe Steel. Today, it is the only metallurgical plant in Ukraine built "from scratch" over a period of almost 50 years. Interpipe Steel is the largest electric steel smelting complex producing round steel billets in Eastern Europe, with an installed production capacity of 1.32 million tons of steel per year.

While the plant was 700 million USD, the total amount of investments in its development (together with related production facilities) is 1 billion USD, which is to date the largest investment in a domestic production asset with a low carbon footprint.

The Interpipe Steel complex was designed and built on a turnkey basis by the Italian company Danieli, taking into account the stringent requirements of European environmental standards. The environmental impact assessment was done by the German company Fichtner.

With the launch of the new complex, the inefficient and environmentally unfriendly open-hearth steel plant was closed, which resulted in a 10-fold decrease in CO₂ emissions, and an 8-fold reduction in natural gas consumption. The Scope 1 emissions of CO₂ are no more than 200 kg per ton of steel produced, which is one of the lowest carbon intensity in the metallurgical industry worldwide.

Using one ton of scrap for steel production, avoids the generation of 1.5 tons of CO₂ emissions and the consumption of 1.4 tons of iron ore, 740 kg of coal, and 120 kg of limestone.

In addition to reducing greenhouse gas emissions, the complex has implemented a highly efficient system for cleaning exhaust gases from dust and a completely closed-loop water supply system which prevents any discharges into the Dnipro River or other water bodies, thereby ensuring an even higher environmental performance.

To supply the steelmaking complex with the required inputs, the following raw material processing infrastructure and supply chains have been built:

Lime – a lime factory built in the city of Dnipro with an Italian-made regenerative kiln, which provides one of the lowest specific heat consumption rate among modern technologies for obtaining high-quality limestone for steelmaking

Industrial gases – a contract has been concluded for the supply of industrial oxygen, argon and nitrogen. The terms of the contract included the construction of a new oxygen plant next to the Interpipe Steel complex

Electricity – the first 330 kV high-voltage power line in Ukraine connecting the Interpipe Steel complex, the Pichna substation and the Prydniprovskaya CHP. Thanks to horizontal directional drilling, protection and insulating technologies, the line laid under the existing railway tracks and the Samara River does not have any negative environmental impact⁷

The energy management system and environmental management system implemented at the Interpipe Steel complex in accordance with the international standards ISO 50001:2018 and ISO 14001:2015, respectively, facilitate continuous improvement of energy efficiency, energy saving, and environmental indicators.

⁷ The Hygiene and Medical Ecology Institute named after O. M. Marzeev of the Academy of Medical Sciences of Ukraine issued a positive conclusion about the environmental safety of the cable line, <http://interpipesteel.org/about/kabelna-l-n-ya-nadvisoko-napругi>

COLLECTING AND PROCESSING OF STEEL SCRAP

Interpipe Vtormet is the largest steel scrap collecting and processing company in Ukraine. Its production facilities combined with the circulating scrap from its own steel production, fully satisfy the needs of the Interpipe Steel metallurgical complex for the production of steel amounting to 1.32 million tons per year.

Having its own network of sites for collecting and processing steel scrap enables the company to effectively control the levels of prices, monitor the reliability of supply and reduce the volume of purchases of steel billets from third-party suppliers for Interpipe Steel's own production needs. The flexible approach to sourcing raw material in all supply channels makes Interpipe Vtormet an important player in the steel scrap procurement market, and therefore significantly influence the market structure and operations.

The main production workshops of the processing sites include production and procurement departments, workshops for the complex processing of steel scrap and waste metal, and scrap burden processing. "Interpipe Vtormet" processing sites have the ability to accept scrap metals of any thickness and shape.

The mechanisms and technologies used by Interpipe Vtormet for the procurement and processing of raw materials, allow compliance with technical specifications not only in terms of purity and overall dimensions, but also in terms of the chemical composition of the steel scrap for the needs of Interpipe Steel. Interpipe Vtormet also offers the customers a full range of services including assessment, dismantling, loading and removal of steel scrap from the customer's site.

As of the end of 2022, the Interpipe Vtormet structure includes ten scrap collection and processing workshops in seven regions of Ukraine (Kyiv, Vinnytsia, Odesa, Dnipropetrovsk, Kharkiv, Zhytomyr and Poltava regions). Of these, three regional offices suspended their work in 2023 due to employee safety concerns (2 in Kharkiv and 1 in Nikopol). A wide network of sites with an extensive transport infrastructure allows us to offer steel scrap suppliers an individual approach and competitive prices.

PRODUCTION QUALITY CONTROL AND STEEL CERTIFICATION

Being a manufacturer of round steel billets for the production of pipe and railway products, supplied to the domestic and international markets, Interpipe Steel has all the required quality control procedures in place as well as valid certificates; that are freely available at <https://interpipe.biz/clients/certificates>. In 2022, the required routine validations of its quality control and certification systems were carried out as scheduled.

KEY PRODUCTION INDICATORS OF THE STEEL SCRAP PROCESSING AND STEEL PRODUCTION SEGMENT IN 2022

The main role of the steel division is to provide other business segments of the Interpipe Group with steel billets. Interpipe's strategy is to have the highest possible share of raw materials (steel scrap) and semi-finished products (round steel billets) processed and produced by the Group in the production chain of final marketable pipe and railway products. The Group's own production of steel billets almost fully covers the needs of the Group. In recent years, Interpipe has occasionally purchased small volumes of billets from third parties for the production of certain types of pipes from special steel grades, but such purchases are insignificant.

Exporting steel billets abroad is not a strategic goal of the Group's steel segment. However, during the reporting period, Interpipe continued to maintain its presence in the steel billet sales markets in Europe and the Middle East within situational volumes. For example, in 2021, 95% of the steel billets produced by the Group were used internally in pipe and railway wheels production (out of a total production of 972 thousand tons, only 52 thousand tons were sold to third parties).

Despite Russia's invasion of Ukraine, which forced the suspension of operations in the spring and caused electricity supply disruptions in the fall and winter of 2022, Interpipe Steel still managed to produce 595 thousand tons of steel. Compared to 2021, the decline in output amounted to 38.8%, while the total production of steel in Ukraine decreased by more than 70%.

The revenue of Interpipe's steel segment amounted to 324 million USD, which is 25.8% of the Group's total revenue in the reporting year. Out of this, 276 million USD (more than 85% of the total revenue of the steel segment) are internal payments within the Group.

In 2022, 22% of electricity consumed by the steel segment was from renewable sources, and 40% from nuclear sources.

ANALYSIS OF THE STEEL SCRAP MARKET

In 2022, the steel division faced a lot of challenges in scrap procurement. Scrap is a limited secondary resource, and its sustainable procurement in the required amount is subject to fluctuations. Security, logistical and operational problems caused by Russia's invasion of Ukraine have disrupted supply chains and strained the steel scrap market, which was already in short supply for domestic consumers even before the invasion. At the same time, the continued export of steel scrap had an extremely negative impact on the operations of Ukrainian metallurgical enterprises. The need to implement effective regulation of steel scrap exports has been a pressing issue for Ukrainian metallurgists for more than 3 years.

Since 2013, Ukraine has traditionally exported significant volumes of steel scrap to Turkey. In 2021, the total export of steel scrap from Ukraine reached its peak since 2016 and almost exceeding the highest indicators for the period by 1.9 times⁸. Such a steep growth is due to the price discrepancy on the steel scrap markets: since the beginning of February 2021, the difference between the world quotations of steel scrap and domestic prices in Ukraine has significantly exceeded the export costs, including customs duties, transportation and port transshipment, which made its sale to foreign markets extremely profitable.

The alarming increase in the outflow of steel scrap from Ukraine has become a threat for the domestic industry and led to a draft resolution by the Government on a temporary ban on steel scrap exports⁹, but it was never adopted. To protect the domestic market, starting from December 2021, Ukraine increased the export duty from 58 to 180 euro per ton for the next 10 years. Meanwhile, the European Commission intended

IN 2022, THE STEEL SCRAP EXPORTS SLIGHTLY EXCEEDED

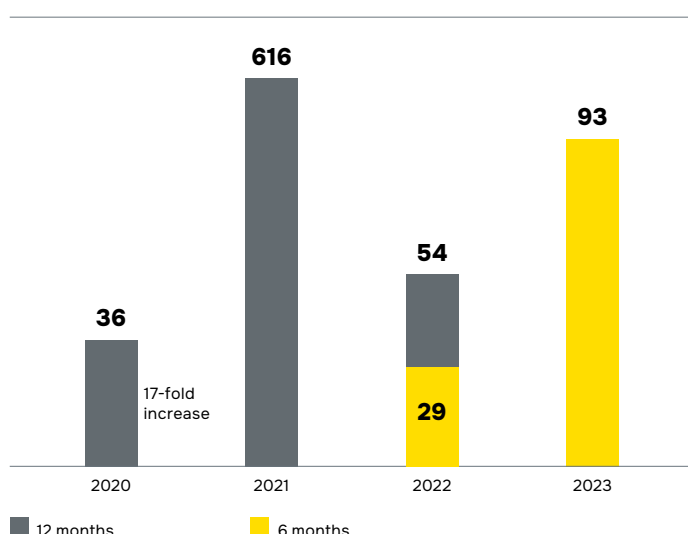
50 K tons

to introduce a moratorium on the export of ferrous steel scrap outside the EU countries from 2021¹⁰, but the adoption of the decision has also been postponed¹¹.

In 2022, the steel scrap exports slightly exceeded 50 thousand tons¹², which is a tenfold decrease from the indicators of 2021. Nevertheless, the steel scrap exports upward trend observed at the end of 2022 led to an increase in steel scrap shortage on the Ukrainian market. According to the Ukrainian Association of Secondary Metals, the volume of steel scrap exported during the first 6 months of 2023 increased 3.2 times and amounted to 93 thousand tons compared to 29 thousand tons in the first half-year 2022. In addition, the geography of scrap export destinations has changed significantly — from Turkey to EU countries (mainly to Poland — 87%), which act as traders in their sea ports rather than final consumers of the scrap. Manufacturers use a cheaper option for volume customs clearance (with the relevant certificate, the export duty rate for EU countries is significantly lower). At the same time, steel scrap exporters pay a preferential export duty in the EU in the amount of 3 euros per ton, and from there the steel scrap is redirected to end customers (mainly Turkey). If raw materials are exported directly to end customers, the export duty would be 180 euros per ton.

With the onset of the war, scrap companies faced a sharp increase in the risks associated with availability and problems with identifying steel scrap of military origin in the scrap offered by suppliers. Therefore, the Interpipe Vtormet company introduced multi-level controls and full processing of steel scrap as raw material at its own facilities in order to prevent explosive objects from entering Interpipe Steel.

FIGURE 7.
VOLUME OF METAL SCRAP EXPORT FROM UKRAINE
IN 2020-2023 (FIRST HALF YEAR), MILLION TONS



FINANCIAL LOSSES DUE TO THE IMPACT OF THE WAR ON THE GROUP'S ASSETS IN THE STEEL SCRAP PROCUREMENT AND STEEL PRODUCTION SEGMENT

In 2022, Russia's invasion of Ukraine caused significant losses and disrupted the operational stability of the Group's companies, including in the steel scrap procurement and steel production segment. The biggest financial losses were caused by expenses incurred during downtime of the Group's facilities and lost revenue due to a reduced production and a decrease in sales volumes. The facilities of the segment suffered no physical damage. For more details on losses due to military actions please see the section **Response to the risks the Group faced in 2022**.

⁸ The observatory of economic complexity, «Where does Ukraine export Scrap Iron to? (2021)», https://oec.world/en/visualize/tree_map/hs92/export/ukr/show/157204/2021/

⁹ Ministry of Economy of Ukraine, Draft Resolution «On the Ban of Export of Ferrous Metal Scrap (steel scrap)», <https://www.drs.gov.ua/wp-content/uploads/2021/10/8904.pdf>

¹⁰ Bureau of International Recycling, «BIR 2021: Proposed European scrap export restrictions to be revealed; industry to step up lobbying», <https://www.bir.org/component/flexicontent/download/820/1000001280/36?method=view>

¹¹ lb.ua, «The USA and the EU agreed to replace the permanent duty with quotas», https://lb.ua/economics/2021/11/01/497532_ssha_ies_domovilisya_zaminiti_stale.html

¹² Interfax Ukraine, «In Q1 Ukraine's scrap metal exports increased almost 6 times», <https://t.ly/Oxmjj>

PRODUCTION SEGMENT: WHEELS

Railway products are one of the key products of the Group. They have been manufactured at PJSC “Interpipe Nizhnedneprovsky Tube Rolling Plant” (hereinafter referred to as Interpipe NTRP) for 80 years. Interpipe is the first manufacturer in the CIS that received the TÜV certificate back in 1996, certifying the quality of our railway products and their competitiveness on the world market. Today, the railway division is focused on the production of a wide range

of wheels and is ready to offer the customers more than 250 different types of wheels, both for long-distance freight and passenger cars, and for urban rail transport. The company also offers about 80 types of railway bands for locomotives, subways and trams. Since 2020, we have been supplying our railway products to the European high-speed train market.

The railway wheel manufacturing process includes 16 stages:

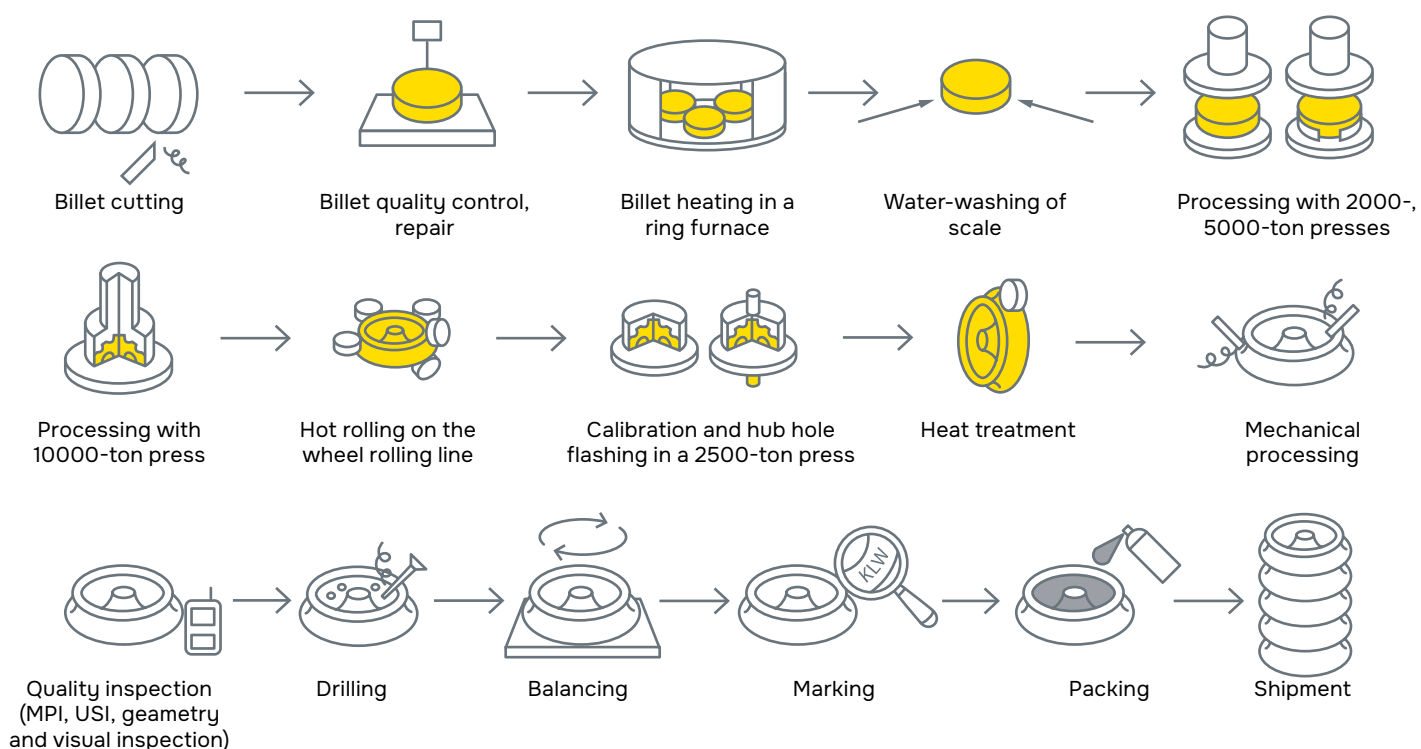


FIGURE 8. RAILWAY WHEEL MANUFACTURING PROCESS



Most of Interpipe's customers purchase railway wheels to use them in their own railway fleet production or repair. As one of its strategic priorities, the Group seeks to increase the share of products with high added value. Therefore, in 2015, Interpipe NTRP started production of axles and launched the

wheel set assembly line, which allows us to provide customers with ready-made wheel sets for equipping railway cars. The diagrams below show the railway axle production stages and the subsequent wheel set assembly:

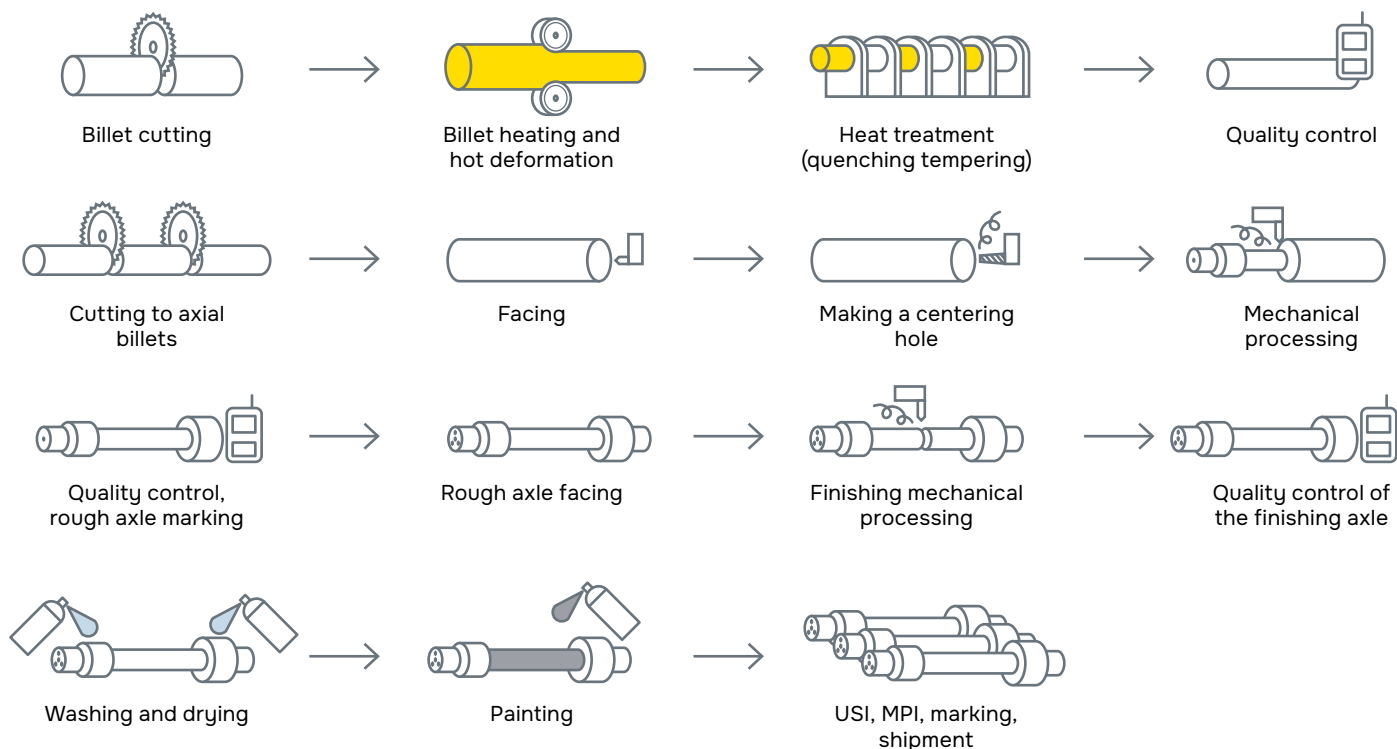


FIGURE 9. RAILWAY AXLE MANUFACTURING PROCESS

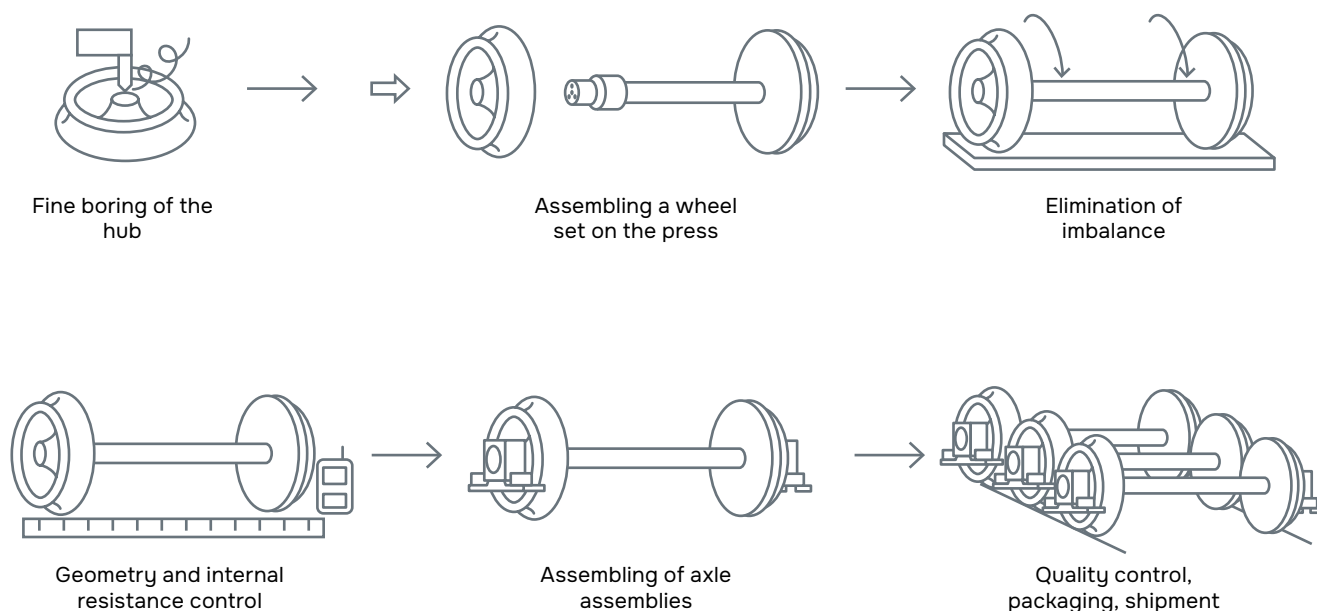


FIGURE 10. WHEEL SET MANUFACTURING PROCESS

Interpipe's production processes include a multi-stage quality inspection using ultrasonic (USI) and magnetic particle (MPI) methods at each stage of wheel and axle manufacturing, as well as checking the wheel sets geometry and internal resistance. Our products are of high quality and precisely meet the customer's

requirements. Every year, the segment undergoes certification by domestic and foreign certification authorities. In particular, in 2022, such foreign institutions as AAR, TTCI, DQS, VUD, Sconrail, and TDT confirmed the status of certificates required for selling wheels in the USA and EU countries.

In recent years, the Ultimate product line, characterized by enhanced durability, has gained increased popularity among customers. This product line with low disc tension was developed by Interpipe's R&D department and meets the highest mechanical and thermomechanical braking and noise requirements¹³. In the reporting year, we introduced a new product to the market – a category 2 wheel made of ER7 grade steel according to European standards. The product is to satisfy a customer's request for a specially designed 840 mm diameter disc, which is intended for installation on long-distance electric trains.

Interpipe has a separate brand for its exported products – our wheels are known abroad under the KLV brand. We have been operating in the industry for more than 30 years, and our products are well known in the freight wagon segment in Europe. One of the railway division development areas is extension of its product line in the passenger car segment. Our customers include wagon-building companies and repair companies that service the wagon fleet, as well as public and private railway operators.

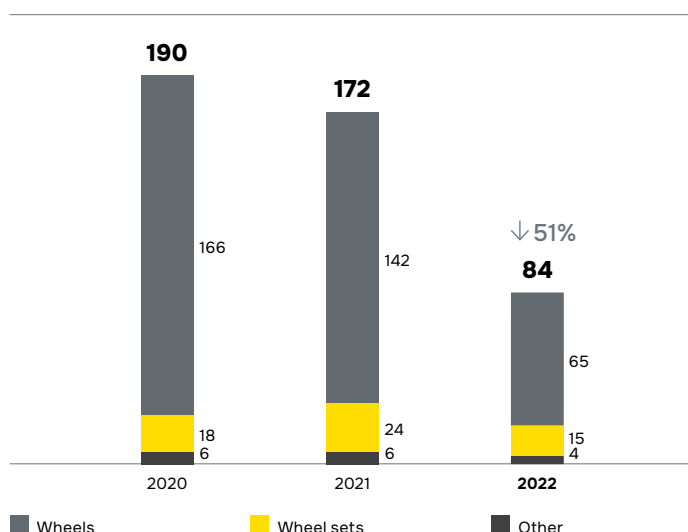
The demand for railway wheels globally remains stable due to regular repairs and constant expansion of railway rolling stock. With its well-established system and flexibility in operational management of production facilities, Interpipe can quickly adapt to market requirements and satisfy peak customer demand.

RESULTS OF THE BUSINESS SEGMENT IN 2022

In 2022, the railway division produced 84 thousand tons of products, which is 51% less than in the previous year. Three-quarters of the products manufactured by the railway division are wheels. Prior to the full-scale Russian invasion of Ukraine in 2022, we annually increased the production volumes of ready-made wheel sets, in demand among European customers.

In 2022, because of the war, we had to halt production in late February. Later on, after we resumed production, safe supply of our products to export markets and restructuring of our logistics routes remained our main challenge throughout the year.

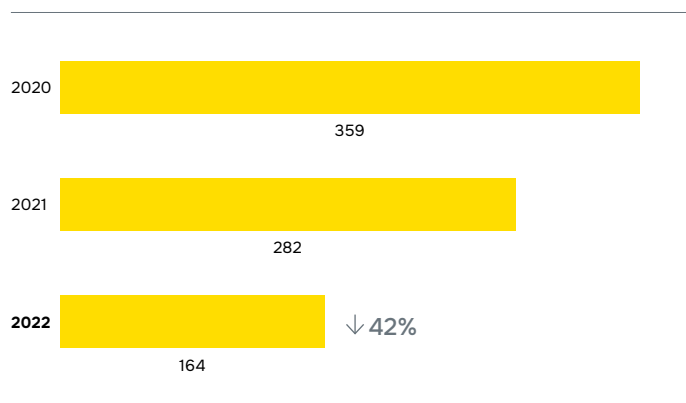
FIGURE 11.
DYNAMICS OF RAILWAY PRODUCTS PRODUCTION VOLUMES IN 2020-2022, THOUSAND T



¹³ For more details please see <https://interpipe.biz/media/newsone/345>

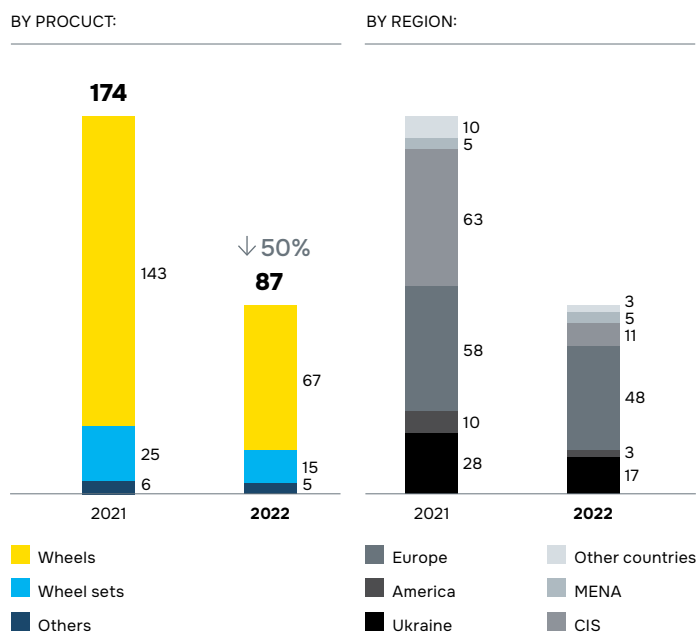
The railway segment generated revenue of 164 million USD, which is 17% of the Group's total revenue. In 2021, the indicators were 282 million USD and 25% of the total revenue, respectively. The revenue of the railway division in 2022 reached the lowest point in the last 5 years, with a 42% drop compared to 2021.

FIGURE 12.
DYNAMICS OF THE RAILWAY DIVISION REVENUE IN 2020-2022, MILLION USD



The Interpipe railway products sales volume halved compared to 2021 and amounted to 87 thousand tons. Of them, 67 thousand tons (77%) are wheels and 15 thousand tons (17%) are wheelsets.

FIGURE 13.
INTERPIPE RAILWAY PRODUCT SALES S VOLUME, 2021-2022 (BY PRODUCT AND BY REGION), THOUSAND TONS



ANALYSIS OF THE RAILWAY WHEEL MARKET

The global railway wheel market is estimated at approximately 5.5 million wpa¹⁴ annually, with production capacity exceeding 7.5 million wpa. That is, the wheel market is oversaturated with offers, which leads to high market competition. Interpipe accounts for up to 9% of the world's railway wheel production capacities.

Interpipe is present in the wheel markets in more than 35 countries. The major markets are the markets in Europe (including Ukraine) and America. The main global competitors remain Bonatrans, Lucchini, Valdunes, Maanshan and Taiyuan. Also, the Turkish manufacturer Kardemir is actively promoting its products after they launched of a new production segment.

We assess Interpipe's position on the Ukrainian and European wheel industry markets as consistently strong. Despite the decrease in total production volumes, Interpipe did not lose its leadership among railway products manufacturers in 2022 on the strategic European market. According to customs data, we retained a 57% share in supplies of wheels to European railway companies. Other priority markets in terms of diversification and potential sales growth are the markets of North and South America, and the Middle East. Regional diversification adds stability to the segment by mitigating the cyclicity of the railway products market.

Interpipe's railway division operates through its sales offices to supply key global markets and further expand its client base.

The geographical distribution of sale of wheels has significantly changed since the beginning of the full-scale russian invasion of Ukraine (**Figure 14**). The biggest decline occurred in the CIS market, where Interpipe used to sell more than a third of its products.

In the reporting year, only 13% of total sales were to CIS countries. After February 24, 2022, they were mainly represented by deliveries to Kazakhstan, Moldova, and Turkmenistan. In 2023, Interpipe is resuming its sales to Georgia, which had been temporarily suspended in 2022. In order to shift our focus from EAEU, which used to be a significant share of our

wheel sales, we are focused on increasing the competitiveness of Interpipe products and geographical diversification.

The war made logistics to distant markets even more complicated for Interpipe. In 2022, the volume of sales in the American region decreased by 70% compared to 2021.

In the Asian market, there is fierce competition with local manufacturers, especially in China, the second largest market in the world. Chinese companies aggressively promote their products, often undercutting prices. Competition with Chinese companies in the Middle East, Europe and South America significantly complicates the sale of Ukrainian products.

The European market experiences the smallest drop in deliveries compared to other regions where Interpipe customers are based – the sales decreased by only 17% compared to 2021. The reasons for the decrease were the forced shutdown of Interpipe's production at the beginning of the full-scale russian invasion and power outages in the Q4 2022.

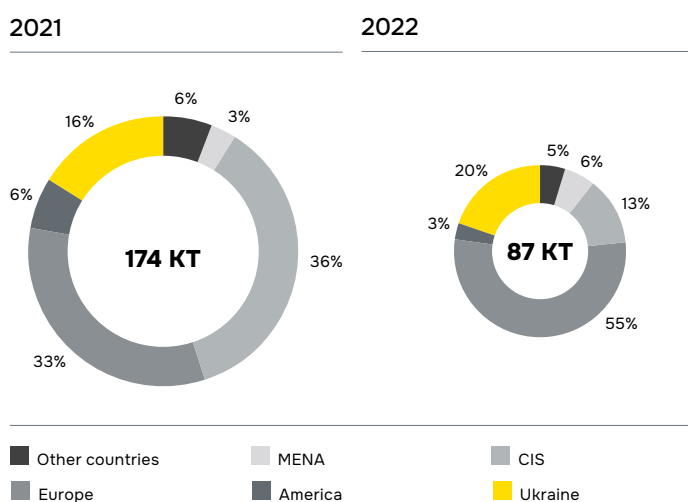
In 2022, Europe became the main sales market for our railway products. 48 thousand tons or 55% of the division's total annual sales were delivered to Europe. Most of our products went to the customers in Germany, France, Slovakia, Bulgaria and the Czech Republic.

The breakdown by product shows that demand on the European market was primarily for wheels for the cargo fleet (53% of the total sales volume) and ready-made wheelsets (31% respectively). 9% of the revenue of Interpipe's railway division in Europe is from the sales of wheels for passenger rail cars. These results were achieved thanks to geographical proximity and the successful adjustment of logistics after the closure of Ukrainian ports.

At the beginning of the year, Turkish and Chinese manufacturers made several attempts to occupy the market, taking advantage of the difficulties in the supply of products from Ukraine and Russia, but in recent quarters the imbalance has leveled off. Despite the decline in the railway car repair industry, Interpipe resumed its high sales volumes of wheels for European customers in September and October. We have gained a foothold in the cargo segment of the European market and currently we are improving the technical specifications of our products in order to take a leading position in the passenger car segment. It is in the private passenger transport market that an increase in both high-speed and traditional wagon fleet is expected in the near future.

The domestic market, where Interpipe is the No. 1 supplier of wheels, remains important for the Company. In 2022, the reliability and smooth operation of the Ukrainian railways become a critical component of the national transport infrastructure. The domestic market accounts for 20% of Interpipe's total sales in the reporting year. The railway operations picked up significantly in the last quarter of 2022, which allowed us to sell 17 thousand tons of railway wheels to Ukrainian customers, as of the end of the year. At the same time, the annual decline in the volume of sales on the domestic market amounted to 39% compared to 2021.

FIGURE 14.
DYNAMICS OF GEOGRAPHICAL DISTRIBUTION OF SALE OF RAILWAY PRODUCTS IN 2021-2022



¹⁴ Wpa (English wheels per annum) – means the number of wheels per year and is mainly used to estimate the railway market.

PRODUCTION SEGMENT: PIPES

Production and sale of steel pipe products is one of the three key business segments of the Interpipe Group of Companies. The Pipe Division of the Group produces and sells steel pipe products, which are divided into seamless pipes (pipeline, pump & compressor, casing, cold-formed, boiler, bearing pipes, etc.) and welded pipes (small-diameter, medium-range pipes, and profile pipes). Seamless pipes, in turn, include drilling pipes (OCTG – Oil Country Tubular Goods), linepipes (mainly used in construction, industry, machinery, pipeline infrastructure, etc.) and mechanical pipes (used mostly in machinery, energy, etc.). The Group's pipe products are manufactured according to domestic and international standards.

Seamless pipes hold the lion's share in terms of production volumes and revenue of the pipe business segment of the Group. In the seamless pipe product list, one item plays a strategic role: the OCTG with premium and semi-premium connections for well drilling, where the INTREPID™ and UPJ™ connections predominate. Also, in 2023, the Group finished testing the new Intrepid-MP premium coupling connection, certified for compliance with Connection Application Level IV in accordance with the requirements of ISO 13679. Welded pipes represent a small production and revenue share, and are therefore not strategically important for the Group.

The production capacity of the pipe division of the Group is represented by three manufacturing sites: "Interpipe Niko Tube" LLC (hereinafter referred to as Niko Tube) with plants in the city of Nikopol and in the city of Dnipro, and Interpipe JSC "Interpipe Novomoskovsk Pipe-Production Plant" (hereinafter referred to as NPPP). NPPP is one of the largest producers of electric-welded steel pipes in Ukraine, while Niko Tube specializes in the production of seamless pipes.

The seamless pipe production process includes the following stages:

Pipe billet cutting – cutting a round steel billet into smaller billets of a specific length, depending on the target diameter and length of the final pipe product

Heating the billet to the rolling temperature (1,100 – 1,200°C)

Deformation on the main unit – piercing of the pipe billet on piercing mills using a special mandrel

Cooling and straightening of pipes in special cages (correcting possible curvature, ovality and heterogeneity)

Technological non-destructive inspection of the obtained products (detection of stress concentration areas or localised damage using ultrasonic pipe body inspection instruments)

Trimming of end sections and cutting pipes to smaller ones of a specific length

Heat treatment of products and their post heat treatment straightening

Hydro-pressing and non-destructive inspection

Painting and labeling of products in accordance with contractual requirements



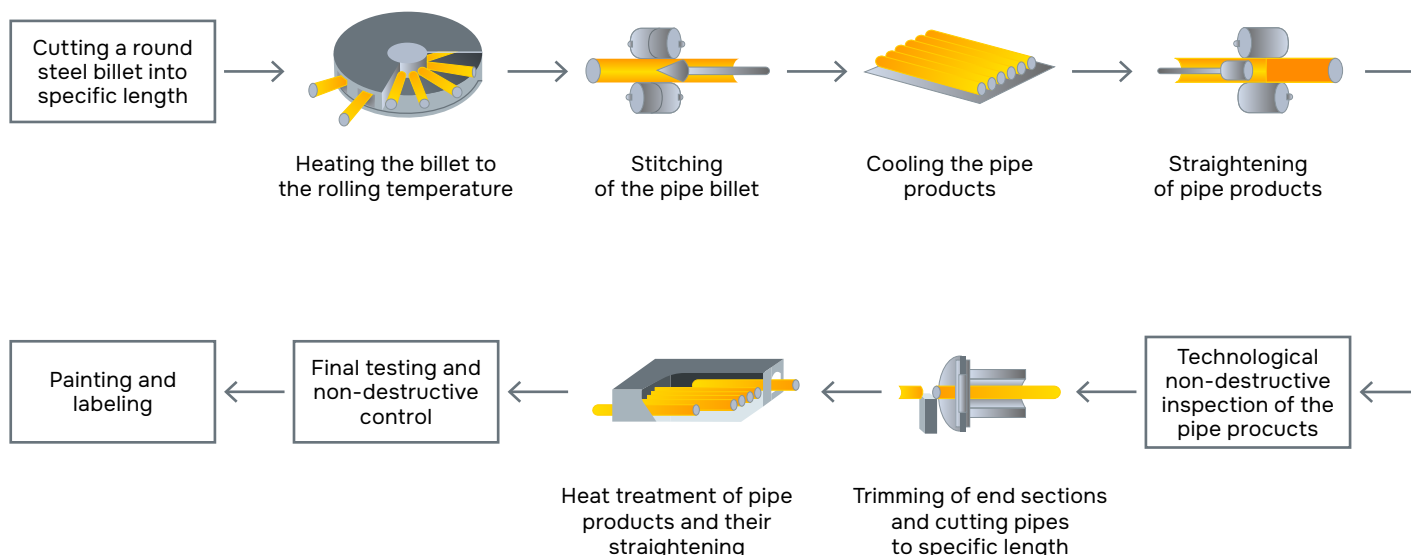


FIGURE 15. SEAMLESS PIPE MANUFACTURING PROCESS

The welded pipe production process includes a number of separate operations:

- Unwinding and slitting steel coils into strips of a certain width;
- Shape straightening of steel strips using a horizontal twin roll caster, which corrects shape defects (for example, waviness);
- Welding strips to produce one infinite strip. The resulting infinite strip is transferred to the drive;
- Transforming the flat strip into a pipe using a forming machine by passing the strip through horizontal and vertical roll casters. Each subsequent twin rolls reduces the radius of the billet until its edges are as close as possible to each other;
- Welding the product. One method is high-frequency welding, where the joining edges of the billet are heated by high-frequency current to the melting temperature, and then compressed by crimping rollers. As a result, a strong and durable connection is formed;
- External and internal treatment to make the pipe smooth and improve the appearance and quality of the weld;
- Cooling the pipe;
- Pipe calibration on the calibration stand;
- Non-destructive inspection of the finished product;
- Cutting the product to the required length on cutting machines;
- Product quality control, labeling, packing.

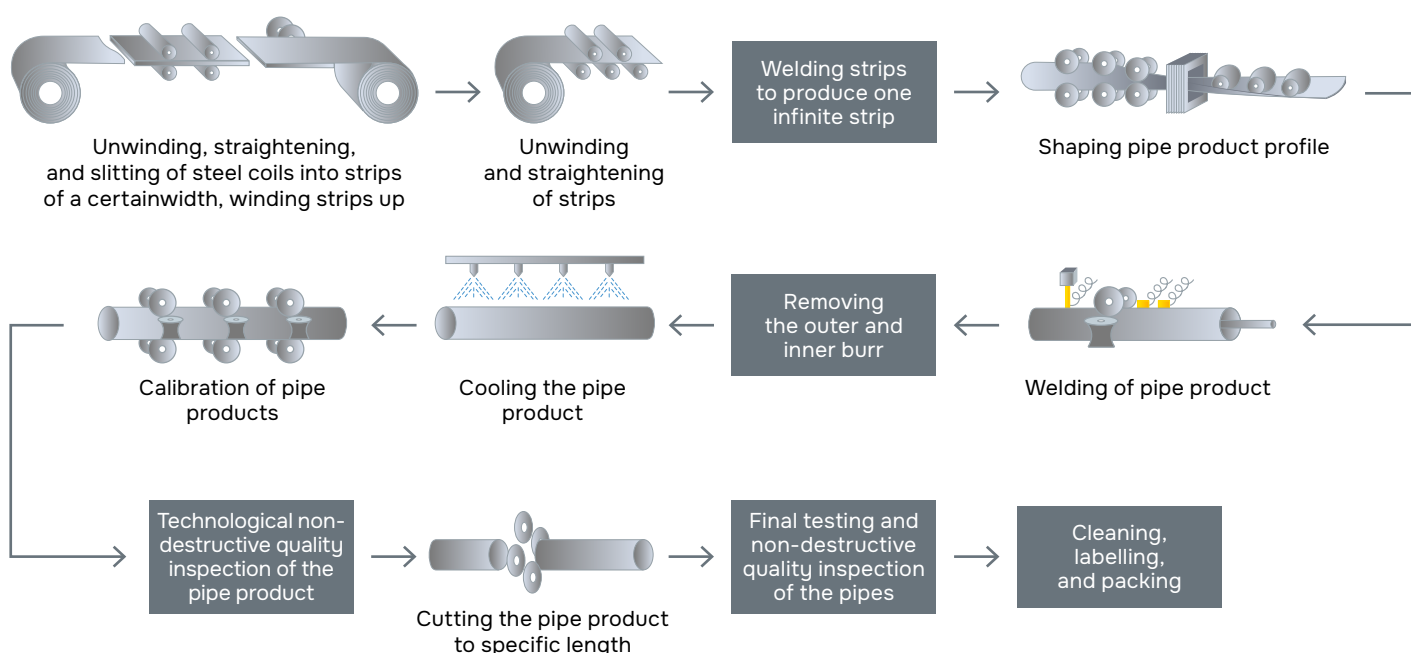


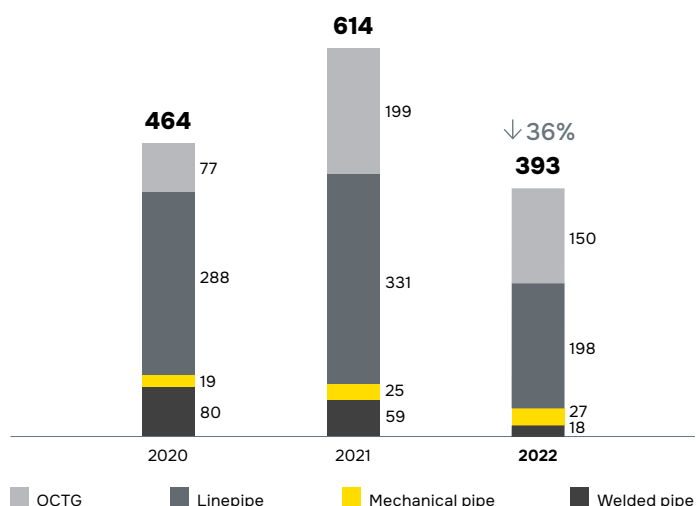
FIGURE 16. WELDED PIPE MANUFACTURING PROCESS

PIPE BUSINESS SEGMENT PERFORMANCE IN 2022

In 2022, the Interpipe Group companies produced a total of 393 thousand tons of pipe products, which is 36% less than in 2021. The decrease in production volumes is due to the impact of the full-scale Russian invasion of Ukraine on the Group's operations. At the same time, in 2022 there was a slight increase in the volume of production of mechanical pipes – up to 28 thousand tons (an increase of 8% compared to the production volume in 2021).

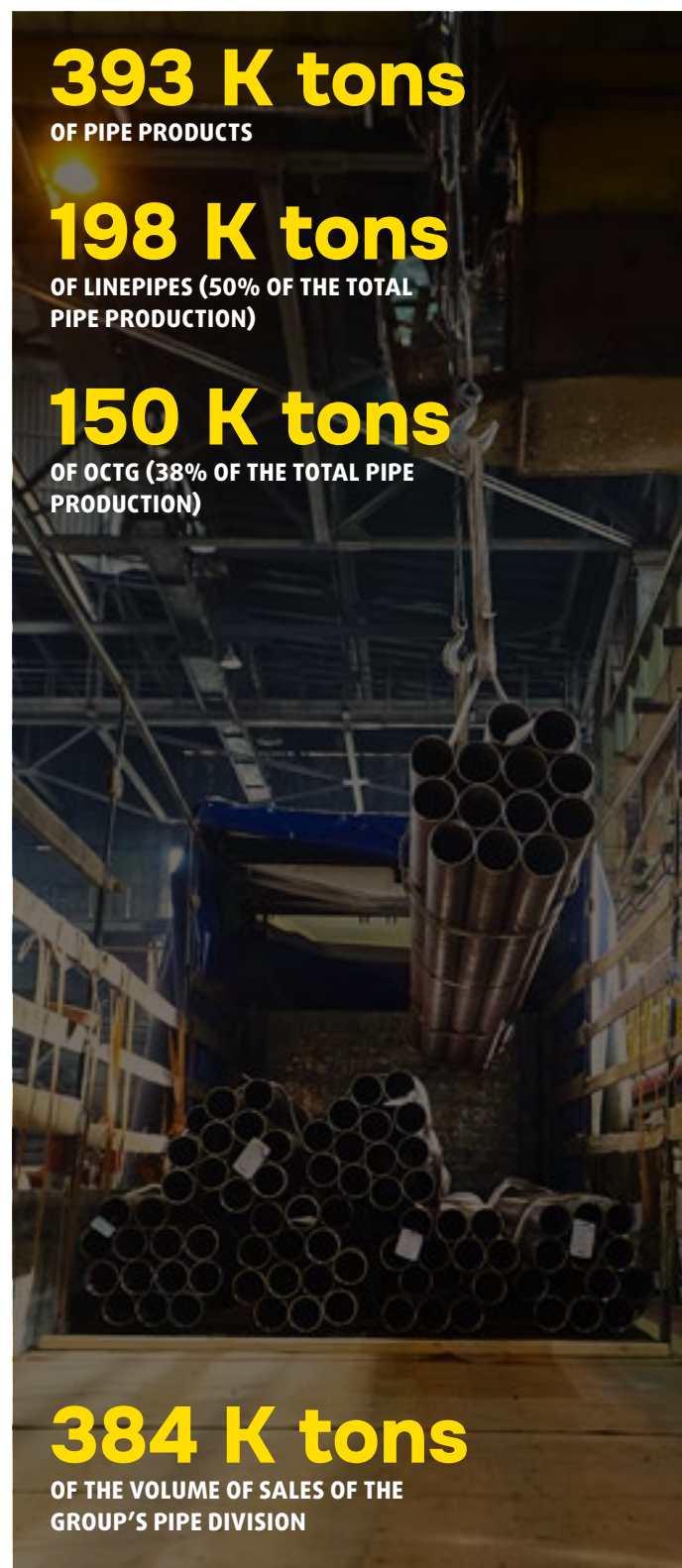
Linepipes accounted for the largest share of the Group's pipe production in 2022 – 198 thousand tons (50% of the total volume of pipe production). Also, OCTG made up a significant share of production – 150 thousand tons (38% of the total pipe production of the Group in 2022).

FIGURE 17.
PIPE PRODUCTION VOLUMES PRODUCED
BY INTERPIPE GROUP IN 2020-2022
(BY PRODUCT TYPE), THOUSAND TONS



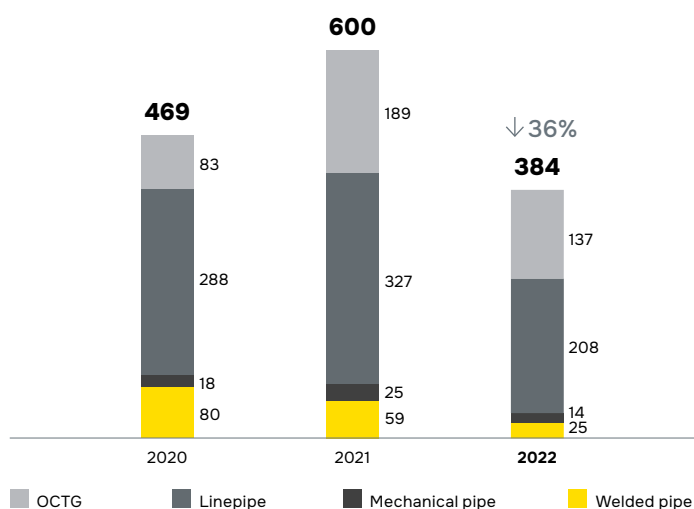
The volume of sales of the Group's pipe division in 2022 decreased by 36% compared to 2021, totaling 384 thousand tons, including linepipes (208 thousand tons, or 54% of the total volume of sales of pipe products) and OCTG (137 thousand tons, or 36% of the total volume of sales). Of the total volume of OCTG sold, 32% (43 thousand tons) were premium and semi-premium products with threaded connections, of which 83% were threaded connections designed and produced by the Group such as UPJ™, INTREPID™ and JFEBEAR™.

INTREPID™ and **UPJ™** are trademarks of premium and semi-premium threaded connections in casing and pump-compressor pipes used in oil and gas extraction in difficult geological conditions, developed by the Interpipe Group.



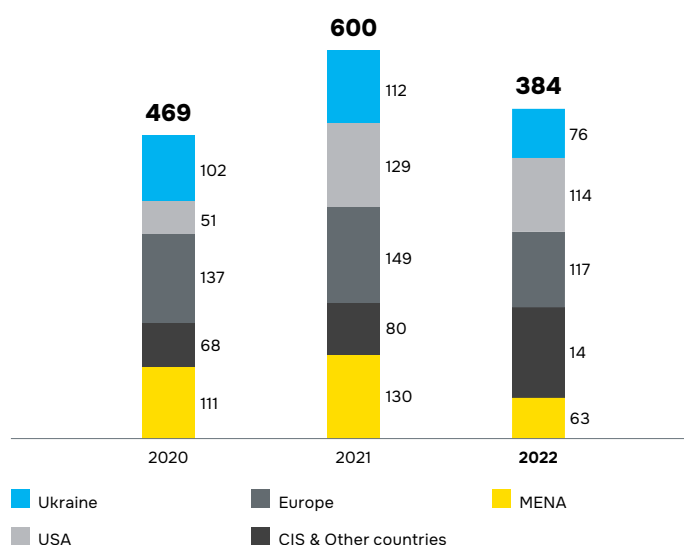
JFEBEAR™ is a gas-tight threaded and coupled connection of the Premium class, developed by JFE Steel Corporation, the leader in design of premium products for OCTG. Interpipe adopted the experience of Japanese colleagues and successfully passed through the qualification in accordance with ISO 13679:2002, DIS 2009 and CAL IV standards for JFEBEAR™ producing.

FIGURE 18.
PIPE PRODUCT SALES VOLUMES IN 2021-2022
(BY PRODUCT TYPE), THOUSAND TONS



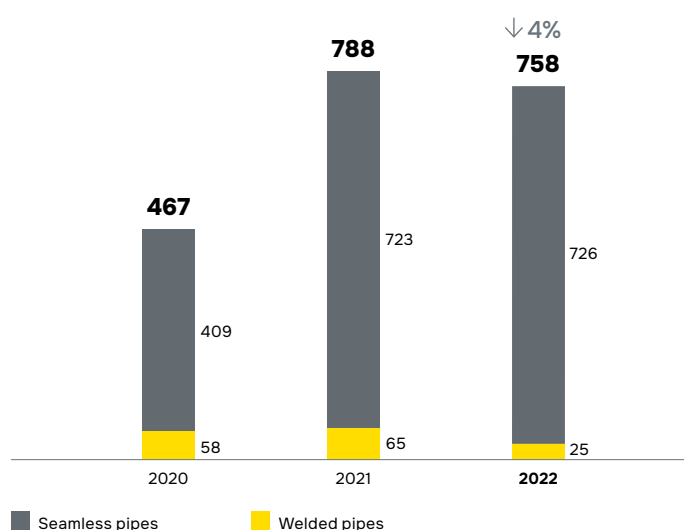
The key sales markets for the Group's pipe products in 2022 were European countries and the USA. Almost 30% of the total volume of sales was sold there (117 thousand tons and 114 thousand tons, respectively). The share of sales on the Ukrainian market increased slightly (up to 20% of the total sales volume of pipe products, or 76 thousand tons). The share of sales in the market of the Middle East and Northern Africa (hereinafter referred to as MENA) in 2022 decreased by 5% compared to 2021, and amounted to about 16% (or 63 thousand tons).

FIGURE 19.
PIPE PRODUCT SALES VOLUME IN 2021-2022
IN THE MARKETS WHERE THE GROUP OPERATES,
THOUSAND TONS



The gross revenue of the Group's pipe division in 2022 amounted to 758 million USD. Considering the significant decrease in the sales volume of pipe product in 2022 of 36% compared to 2021, the drop in gross revenue was not as substantial and amounted to 4% of the revenue generated in 2021. One of the main factors that cushioned the drop in revenue was the relatively high prices for pipe products.

FIGURE 20.
REVENUE FROM THE SALE OF PIPE PRODUCTS
IN 2020-2022 (BY PRODUCT CATEGORY), MILLION USD



In addition to sales of pipe products, Interpipe provided on-site field support services for the implementation, testing and operation of its premium pipe products, as well as training for drilling rig personnel. Throughout 2022, the Interpipe field service department provided technical support for 75 pipe runs, when Ukrainian clients use Interpipe's products with premium connections at their drilling rigs.



ANALYSIS OF KEY SALES MARKETS FOR PIPE PRODUCTS

The Interpipe Group pipe products are sold in more than 70 countries around the world. The main geographic markets are Europe, Ukraine, North America, MENA, and CIS countries. Buyers of products include both end users (companies in various industries) and distributors with an extensive sales channel network.

Interpipe Group is one of the main exporters of pipe products for general purpose and pipelines to the EU, accounting for about 17% of imports in the available range. In other export markets, the Group holds a smaller market share (USA — 6%, MENA — 2.5%).

The global manufacturers such as Vallourec, Tenaris, Voestalpine and ArcelorMittal remain our key global competitors in the markets where the Interpipe Group is present. Local competitors are also present in specific regions, such as US Steel in the US market and Liberty Steel in Europe.

The impact of the consequences of the full-scale Russian invasion of Ukraine led to a number of challenges, obstacles and losses in the operating activities of the Interpipe Group. These include the forced suspension of operations and production, the reduction of production volumes, the disruption of supply chains, the complication of logistics and the increase in transportation cost due to the blockade of Ukrainian seaports. Therefore, the Group reevaluated its logistics and supply chains, taking into consideration newly formed logistics routes, costs and delivery terms. In these conditions, the supply of the Group's pipe products to the European and Ukrainian markets has become a logistical competitive advantage compared to supplies to the MENA and USA markets, where logistical costs increased significantly. Despite all the difficulties, during 2022 the Group managed to maintain its presence in all key markets and remain among the top 10 global exporters of seamless pipe products.

After production resumed in April-May 2022, developing new logistics routes became a priority. The increased competition among exporters for access to westbound rail freight transportation and its higher cost did not significantly affect the supply of the Group's products to European countries, as we continued supplying our products by road transport, even though this cost also increased significantly.

One of the key challenges in the markets where the Interpipe Group is present, is the expansion of Chinese manufacturers. Despite the imposed trade restrictions, they still have a large market share due to their aggressive pricing policy. Russia, with a fairly cheap resource base, has a similar position on the market. Despite such highly competitive environment, the Group maintains a stable market position due to the advantages of vertical integration, high product quality, service and environmental sustainability (products made from steel with a low carbon footprint), which provides the potential for increased demand for the Group's products in future "green" steel markets.

The Latin American countries (hereinafter referred to as LATAM) imposed protective anti-dumping duties on Ukrainian pipe products. For example, Brazil imposed an anti-dumping duty on steel seamless linepipes with a diameter of up to

141.3 mm in the amount of 145.26 USD per ton till September 21, 2025. In Mexico, an anti-dumping duty of 170.1 USD per ton was in place until April 2023; as of August 2023, its amount and procedure is being revised.

A favorable factor for the Interpipe Group in 2022 was the lifting of protective quotas on steel products and anti-dumping duties on seamless steel pipes in the EU and UK markets, as well as the removal of import duties (Section 232) in the USA.

In the EU, the mentioned restrictions were suspended from June 04, 2022 initially for a period of one year, and in 2023 this period was extended until June 05, 2024. Also, import duties and special protective duties on metal products in the form of a tariff quota with a 25% duty were abolished by the United Kingdom. These countries implemented such measures to support the Ukrainian economy, weakened by the war. Before the above-mentioned restrictions were removed, Ukraine's exports to the EU were subject to protective quantitative quotas (with a 25% duty for exceeding the quota) and anti-dumping duties on seamless steel pipes (Interpipe Group's products faced an 8.1% duty).

In the USA, the protective duty of 25% on steel products was lifted for the period from June 01, 2022 to June 01, 2023, but anti-dumping duties on OCTG (27.8%) and seamless linepipes (23.75%) continued to apply. From June 1, 2023, following a review of the levels of anti-dumping duties, a lower rate of 1.55% was established for OCTG. Similar measures were implemented by Canada: the anti-dumping duty on OCTG from Ukraine in the amount of 37.4% was suspended for the period from June 09, 2022 to June 09, 2024.

However, following an analysis by the US Department of Commerce on the imports of seamless standard, linear and pressure pipes made of carbon steel from Ukraine, a preliminary anti-dumping duty of 4.99% was introduced, which became effective on September 7, 2023.

The abolition of protective duties in the US on steel pipe products from Ukraine and the suspension of quotas and anti-dumping duties on seamless pipes by the EU had a positive impact on the Group's sales volumes in both markets, had a positive compensatory effect against increased logistics costs resulting in a positive impact on production volumes. It also helped Ukraine's economy during wartime, as well as the financial results of the Group's pipe segment in 2022.

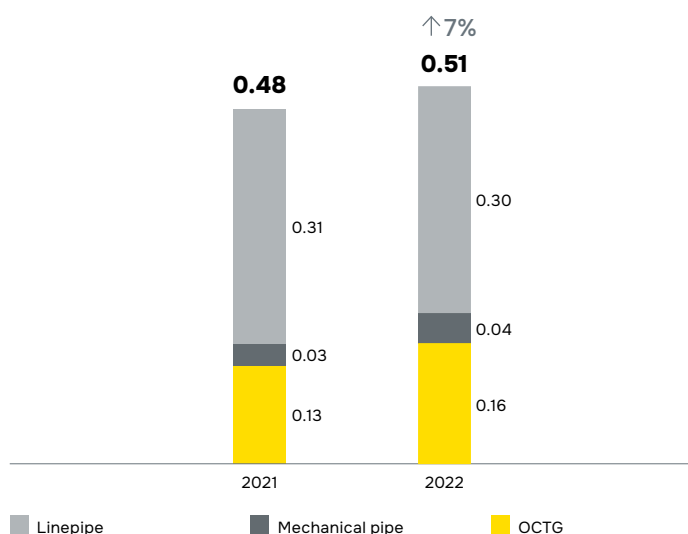
European markets

Despite the stabilization of energy prices after their peak in the summer of 2022 and a slowdown in the inflation rate, the economic situation in Europe remains difficult with a projected decline in many sectors. European seamless pipe manufacturers are suffering from extreme cost pressures and strong competition from non-EU manufacturers.

Steel pipe production in the EU is expected to decline by around 2% in 2023 and grow by 1.5% in 2024 (according to Eurofer).

In 2022, the estimated imports of seamless pipe products by European countries was 0.5 million tons, which is 5% more than the volume of imports in 2021.

FIGURE 21.
EUROPEAN COUNTRIES PIPE PRODUCT IMPORTS
IN 2021-2022 (BY PRODUCT TYPES), MILLION TONS



Imports of seamless linepipes for pipelines and general purpose pipes from outside the EU in 2022 reached 305 thousand tons, which is 2% less than the volumes of 2021.

The share of Chinese pipe products in the total volume of seamless linepipes increased by 16.3 percentage points in 2022 compared to the share in 2021, and amounted to 151 thousand tons (or 50% of the total volume of imports of seamless linepipes from non-EU countries). Such increase is possible because of the low prices for Chinese pipe products, which became even more pronounced against the background of rising prices of European manufacturers' products due to rising energy prices and an increased inflation rate in the Eurozone. The share held by the Interpipe Group in the imports of linear seamless pipes from non-EU

countries decreased by 2% in 2022 compared to 2021 and amounted to 31% (or 96 thousand tons). The Group's gross supply of seamless pipes decreased by 6% (from 102 to 96 thousand tons).

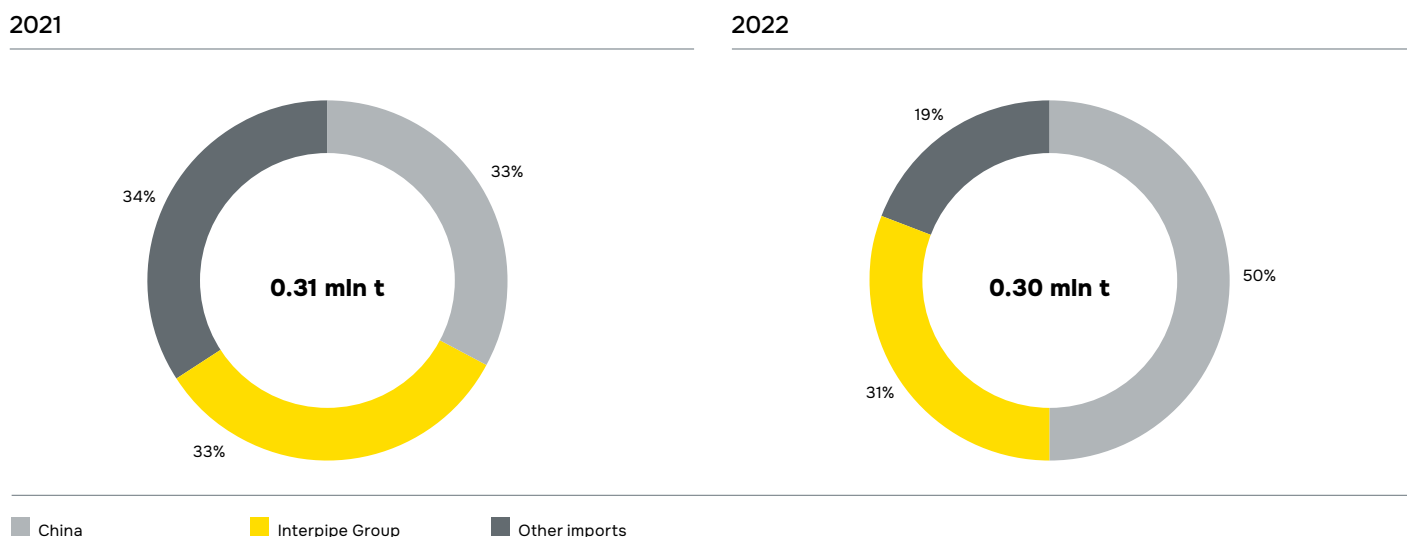
The volume of imports of OCTG to the EU in 2022 increased by 21% compared to the volumes of 2021, and amounted to 158 thousand tons. The growth was mainly due to more than 6-fold increase in Chinese OCTG supplies (from 6 thousand tons in 2021 to 40 thousand tons in 2022).

European manufacturers are expected to face further price pressure for seamless steel pipes in 2023, although Euro-denominated prices for higher value pipe products demonstrate greater resilience to price pressures. Throughout 2022, manufacturers faced the combined impact of rising prices for round billets, higher energy costs and rising inflation in the Eurozone, while supplying significant volumes of their products to the US market. Despite the decrease in energy prices in the last months of 2022, prices for round billets continue to rise, and inflation remains high.

At the beginning of 2022, the prices for pipe products were still rising and reached their peak in April (1.9–2.2 thousand EUR per ton, depending on the type of pipe). However, from May, the prices started to fall gradually, and as of the end of 2022, they fell to 1.6-1.7 thousand EUR per ton for linepipes, gas and water pipe products, and mechanical pipes, maintaining a further downward trend. At the same time, the cost of OCTG remains largely unchanged from September 2022, hovering between 1.7-1.8 thousand EUR per ton, with a slight downward trend in 2023.

Further price decreases in the US market, which is strategically important for EU manufacturers, will make European products increasingly less competitive compared to other suppliers.

FIGURE 22.
STRUCTURE OF IMPORTS OF SEAMLESS LINEPIPES TO EUROPEAN COUNTRIES IN 2021-2022
(FROM NON-EU COUNTRIES), MILLION TONS

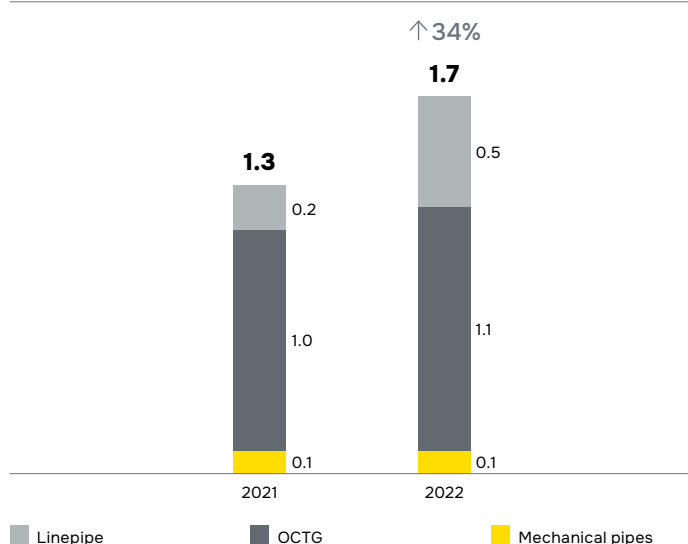


North American market

Despite a general slowdown in the growth of the American seamless pipe market, it continues to be fairly robust, particularly in the seamless OCTG segment, even though the number of drilling rigs in the US has declined in December 2022.

The total imports of pipe products in the USA in 2022 increased by 29% compared to the import volumes in 2021, and amounted to about 3 million tons. The December import volume reached 301 thousand tons, while the average monthly volume is 258 thousand tons. The increase in import volumes is observed for all types of pipe products: imports of seamless products increased by 34% to almost 2 million tons, and imports of welded pipe products increased by 23% to 1.4 million tons.

FIGURE 23.
IMPORT OF SEAMLESS PIPE PRODUCTS IN THE USA
IN 2021-2022 (BY PRODUCT TYPE), MILLION TONS

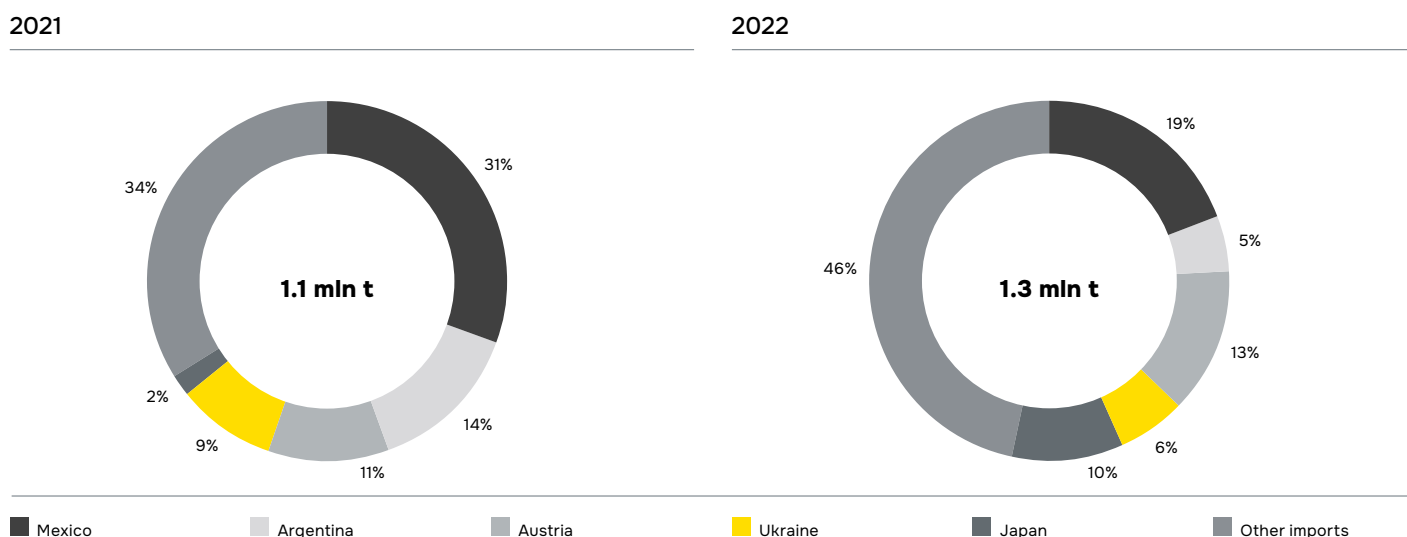


The volume of imports of OCTG to North American countries in 2022 increased by 16% and amounted to 1.3 million tons. The overall growth was due to an almost 5-fold increase in the volume of imports from Japan compared to the volume of 2021 (up to 128 thousand tons), more than a 4-fold increase from Germany (up to 83 thousand tons), from Saudi Arabia (increase by 70% to 94 thousand tons), Austria (increase by 38% to 167 thousand tons) and imports from other countries (increase by 43% to 367 thousand tons). The share of Ukrainian products in the market of imported seamless OCTG in the USA in 2022 decreased by 3 percentage points to 6% (82 thousand tons). The reason for the decrease in the share of Ukrainian imports in the total volume of imports of OCTG to the USA was primarily complicated logistics due to Russia's war against Ukraine.

The demand for OCTG from major US consumers is expected to remain stable, with no signs of significant increased activity. With increased production at Tenaris (Bay City and Ambridge), Vallourec, US Steel and other American ER welded OCTG manufacturers, the OCTG market in 2023 is oversaturated and overstocked in distributors' warehouses, leading to a decrease in prices.

Prices for seamless OCTG with premium and semi-premium connections showed positive growth throughout almost all of 2022, peaking in October 2022 with an average of 4.3 thousand USD per ton for OCTG, and over 5.0 thousand USD per ton for individual items, according to Argus PipeLogix. Starting in October 2022, premium and semi-premium OCTG prices have been gradually declining, with further declines expected in 2023. Seamless linepipe prices in 2022 remained largely unchanged in the range of 2.9-3.1 thousand USD per ton.

FIGURE 24.
STRUCTURE OF IMPORTS OF SEAMLESS OCTG TO NORTH AMERICAN COUNTRIES IN 2021-2022
(BY IMPORTING COUNTRY)

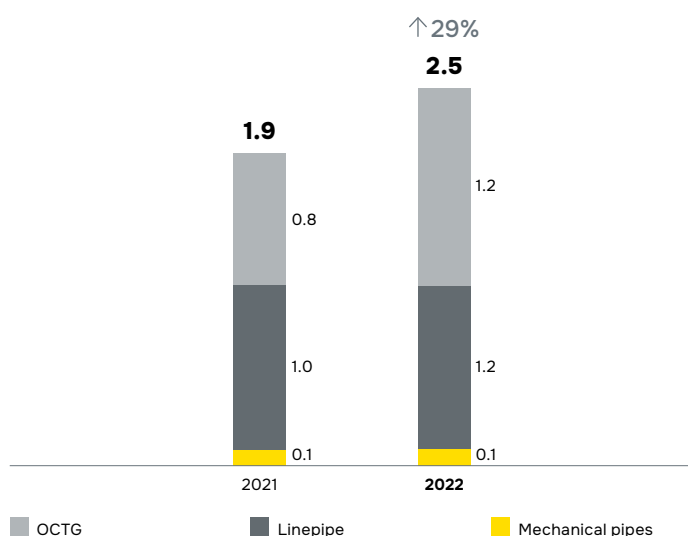


The market of the Middle East and North Africa (MENA)

It is forecasted that in 2023, drilling rig activity in the Middle East will increase due to ongoing developments and increased volumes of geological survey work. Demand for seamless pipes remains strong, especially in the Persian Gulf and Iraq. China is likely to continue to dominate overall supply in the region, but easing of domestic government restrictions in China due to the pandemic and lower prices for other countries' products could open up opportunities for other suppliers.

The total volume of pipe products imported to MENA region in 2022 amounted to almost 3 million tons, which is 572 thousand tons (or 29%) more than in 2021. The largest share of imports is general purpose pipes and pipes for pipelines with a share of 49% of the total volume of imports in 2022 (or 1.2 million tons), showing an increase compared to 2021 of 14%. OCTG also accounted for a large share of imports, with 48% of the total imports in 2022. The import of these products in the MENA market showed the largest growth, increasing by 50% compared to the volumes of 2021, hence reaching 1.2 million tons. The volume of mechanical pipes imports remained unchanged and amounted to 74 thousand tons.

FIGURE 25.
IMPORT OF PIPE PRODUCTS TO THE MENA REGION
IN 2021-2022 (BY PRODUCT TYPE), MILLION TONS



China was and remains the largest supplier of pipe products on the MENA market. Its share in the import of general purpose pipes (LP/GU) increased by 11 percentage points and reached 75% of the total volume of imports (or 870 thousand tons). Italy, Ukraine, Brazil and Russia are the next biggest exporters to the region with a cumulative import share of 19% in 2022. The imports of OCTG are similar, with an increase in volume of deliveries by 105% compared to 2021 (reaching 800 thousand tons). Chinese-made products remain more attractive to buyers in the MENA countries due to their lower prices, which are often at least 20% lower than the regional average.

On the consumer side, the UAE remains the largest importer of LP/GU with a 30% consumption share in 2022, followed by Turkey and Iraq with 20% and 15% of total consumption volume respectively. At the same time, Kuwait imported record volumes of OCTG in November 2022 – 77 thousand tons, which were purchased exclusively from China. During 2022, Iraq saw increased imports of both linepipe (162 thousand tons) and OCTG (~40 thousand tons) due to the ongoing reconstruction of the country's oil and gas industry.

Chinese manufacturers also have a significant competitive price advantage in the seamless pipe segment, and this is expected to continue through 2023. This advantage allowed China to increase its supplies to the MENA region by approximately 90% in 2022 and significantly strengthen its position as a key supplier of seamless pipes in the region.

Overall, the average prices for pipe products delivered to the Jebel Ali port during 2022 ranged from 1.2-1.6 thousand USD per ton (CFR Jebel Ali), with a peak in April 2022. From May to August 2022, prices fell to their lowest level in 2022, and then stabilized at between 1.2-1.3 thousand USD per ton. The average prices were influenced mostly by Chinese producers, who during 2022 offered their products at a price of 1.0-1.2 thousand USD per ton (FOB, at Chinese ports).

Starting from February 2022, due to the complicated logistics and increased transportation cost resulting from Russia's military aggression in Ukraine, which significantly reduced the margin of the Group's products to the MENA market, the Group reviewed its product sale priorities to the market, and focused on other, more profitable sales markets.

Drilling volumes in the Persian Gulf are expected to continue growing in 2023, as indicated by the increased number of rigs operated by companies such as ADNOC and Saipem. The higher drilling volumes will drive demand for seamless pipes, particularly OCTG pipes, especially for offshore applications.

A downward trend in prices in the USA is expected to continue in 2023. However, they will still remain high, so it is likely that non-Chinese manufacturers will again focus on USA market. This might affect the volume of seamless products from non-Chinese manufacturers supplied to the MENA market, except for applications requiring the highest quality products.



Ukrainian market

As a result of Russia's full-scale invasion of Ukraine, the Ukrainian economy suffered extensive losses: destroyed infrastructure facilities, enterprises, occupied or blockaded sea ports, fuel crisis, large-scale migration both within the country and abroad. Some enterprises had to stop their operations due to their proximity to the front lines. The general economic crisis caused by the war led to a reduction of Ukraine's real GDP of 29.1% in 2022.

Back in the spring of 2022, the economy showed its first signs of recovery, which continued through the summer and early fall. Q2 2022 saw a gradual recovery in oil and gas drilling, but the number of new rigs fell from 39 in January 2022 to only 9 in June 2022.

Starting from Q3 2022, the construction industry began to resume its previously suspended projects, but the investors were not ready to invest in new construction. Overall, according to the results of 2022, the volume of construction in Ukraine fell by 65%. This resulted in a 55% reduction in steel consumption compared to 2021. However, state-owned oil and gas companies increased their demand for pipe products as a result of their efforts to satisfy domestic consumption in Ukraine with domestically produced hydrocarbons.

Regarding the sales of pipe products in the Ukrainian domestic market in 2022, only the sales of OCTG showed positive dynamics with a 17% increase in sales volumes compared to 2021 due to stable demand from state-owned oil and gas companies. The total sales of pipe products as of the end of 2022 amounted to 76 thousand tons, which is 32% less than in 2021.

Ukraine imported 2.4 thousand tonnes of LP/GU (-72.6% y-o-y) and over 3.7 thousand tonnes of OCTG (-42.5% y-o-y) in 2022. The majority of LP/GU imports were supplied to Ukraine from the EU countries with over 40% share in imports, particularly from Germany and Romania. China was the next biggest exporter, with over 30% share in imports. In the meantime, the majority (65.4%) of OCTG imported in 2022 was supplied to Ukraine by the EU, and Austria in particular. Brazil exported the next biggest volume (21%) of OCTG.

FIGURE 26.
SALES OF PIPE PRODUCTS IN THE UKRAINIAN MARKET
IN 2021-2022 (THOUSAND TONS)

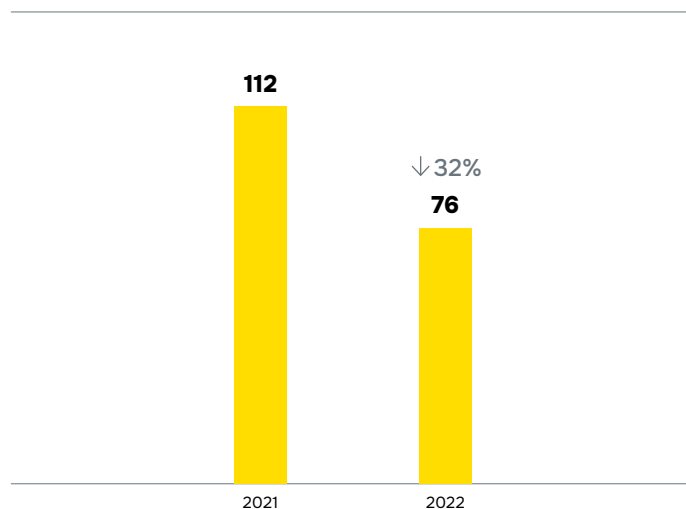
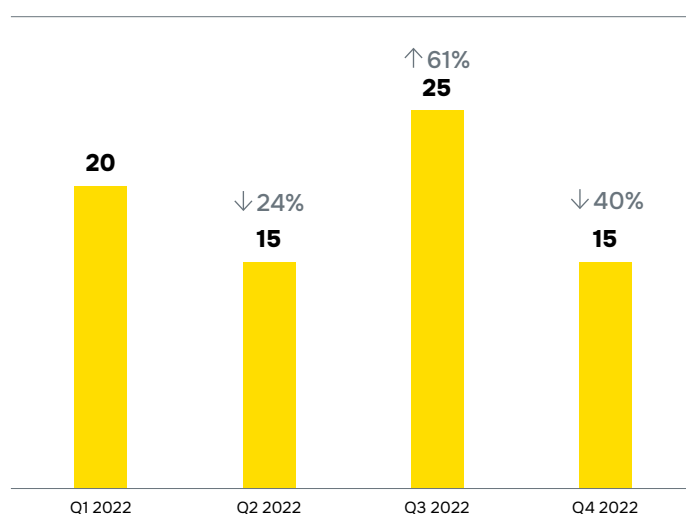


FIGURE 27.
DYNAMICS OF SALES OF PIPE PRODUCTS
ON THE UKRAINIAN MARKET BY QUARTER OF 2022,
THOUSAND TONS



PRODUCTION SEGMENT: KITCHENWARE

In addition to assets in the segments of production of semi-finished steel products, railway and pipe products, the Interpipe Group includes a company producing steel enameled tableware — the company “Dishware Novomoskovsk” Ltd (a subsidiary of Interpipe SC “Interpipe Novomoskovsk Pipe-Production Plant”), which produces products under the Idilia trademark. The company has been operating since 1955, and as of the date of publication of this Report, is the only manufacturer of enamelware in Ukraine.

The company’s products are represented on the markets of 40 countries around the world, including Ukraine, Europe, Central Asia, the Middle East, China and North America. The company’s product range is represented by about 180 categories of products and 6,500 stock keeping units (SKU), including:

- Pots of various shapes (cylindrical, pear-shaped and spherical);
- Teapots;
- Buckets and tanks;
- Mugs, cans and pitchers;
- Bowls, plates, salad bowls;
- Ladles, trays and colanders.

The Group’s products are in demand on the market due to their environmental safety, high quality, modern and diverse design, wide range and can be used with all types of stoves.

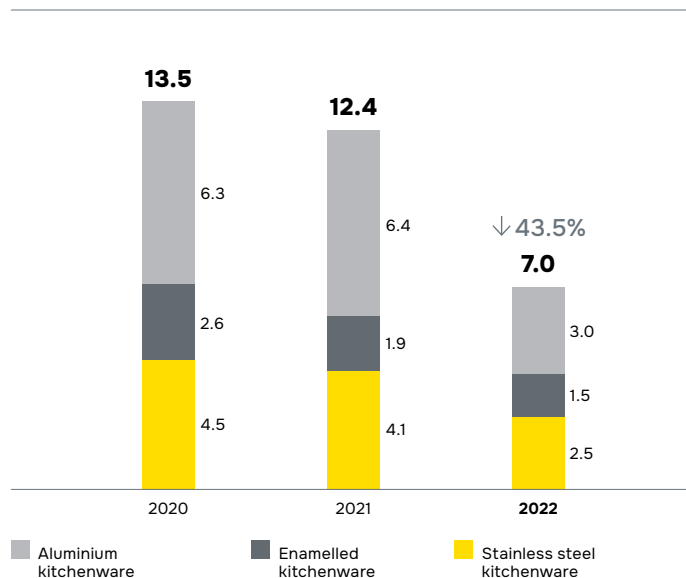
Quality control of the products is carried out at each stage of production. The company has a laboratory certified according to EU standards. The quality inspection of input raw materials and the quality control of the finished enamelware is performed in accordance with the requirements of regulatory documents and technological instructions for manufacturing steel enamelware (DSTU). The company holds an ISO 9001:2018 quality management system certificate.

The environmental safety of the products is one of our focuses. The steel base of the kitchenware is covered with several layers of environmentally safe enamel, which does not contain any harmful substances, and completely protects food from metal ions both during cooking and during its storage.

MARKET ANALYSIS

In 2022, the volume of the kitchenware market in Ukraine decreased in volume by 43.5%, amounting to 7.0 thousand tons, including the aluminum kitchenware market of 3.0 thousand tons (42.1% of the total market volume), the enameled kitchenware market of 1.5 thousand tons (21.7% of the total market volume), and the stainless steel kitchenware market of 2.5 thousand tons (36.2% of the total market volume). Because of Russia’s full-scale invasion, between 5 and 8 million Ukrainian citizens left their homes either within the country or abroad, which significantly affected the consumer market in general, and tableware market in particular.

FIGURE 28.
STRUCTURE OF THE METAL KITCHENWARE MARKET IN UKRAINE IN 2020-2022, THOUSAND TONS OF FINISHED PRODUCTS



Interpipe Group’s share in the total volume of the enameled kitchenware market in Ukraine in 2022 was 90%, which is 19 percentage points more than in 2021. The relative increase in the Group’s share of the enameled kitchenware market in Ukraine is due to a contraction of the enameled kitchenware market in 2022 of 20%, and a decrease of the share of other manufacturers.

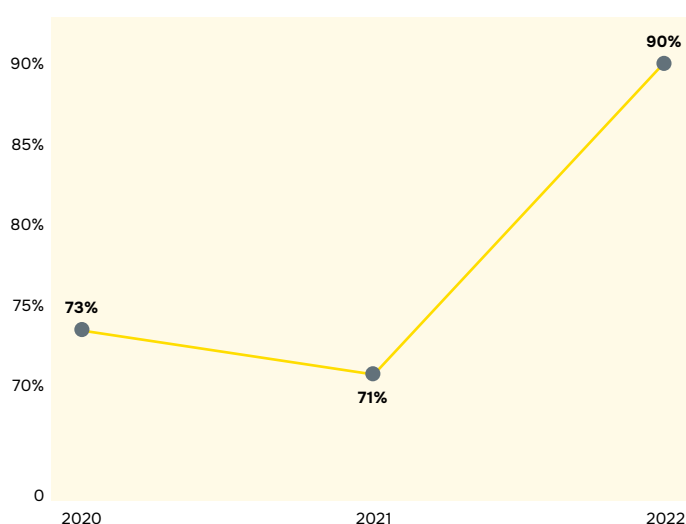


FIGURE 29.
SHARE OF SALES OF INTERPIPE STEEL ENAMELED KITCHENWARE ON THE UKRAINIAN MARKET IN 2020-2022, %

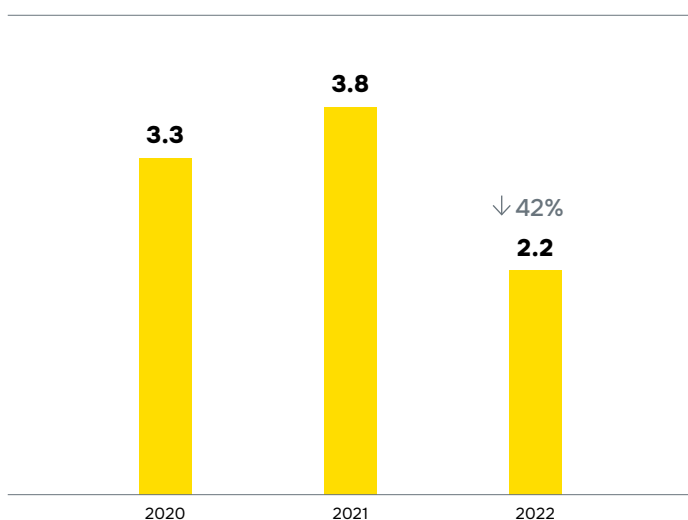
In 2023, the Group plans to expand its geography and increase the sales volumes in the Middle East and Western Europe, as well as enter the markets of Northern Europe. The expected total volume of sales on these markets is about 50-70 tons of products every month.

SEGMENT PERFORMANCE 2022

To produce enameled steel kitchenware, the Group uses rolled metal from Ukrainian and European manufacturers (Zaporizhstal PJSC and U.S. Steel Košice, s.r.o.) – steel strip in coils 0.65 to 1.22 mm thick.

In 2022, the Interpipe Group produced 2.2 thousand tons of enameled kitchenware. Compared to 2021, production decreased by 42%.

FIGURE 30.
VOLUME OF PRODUCTION OF ENAMELED STEEL KITCHENWARE IN 2020-2022, THOUSAND TONS



Compared to 2021, the Interpipe Group sales volume decreased by 37.8% and amounted to 2.3 thousand tons (10.8 million USD in monetary equivalent). The products were sold to the following markets:

- Ukrainian market – 1.4 tons;
- European countries – 0.5 tons;
- CIS countries – 0.3 tons;
- Other markets – 0.1 tons.

FIGURE 31.
PRODUCT SALES VOLUME IN 2020-2022, THOUSAND TONS

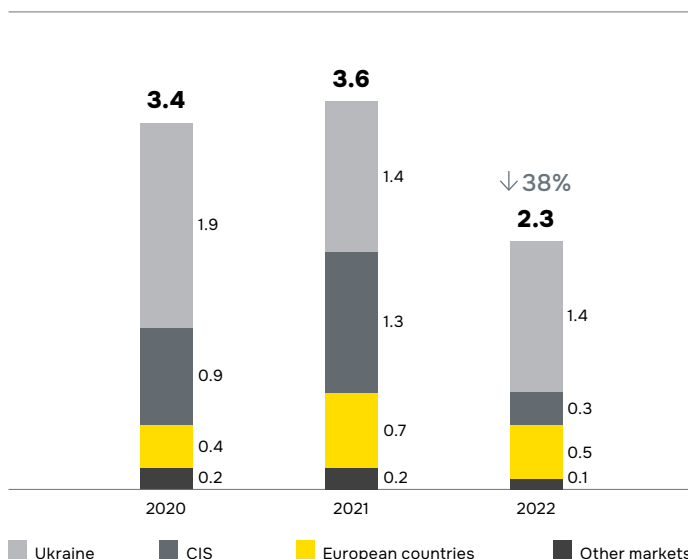
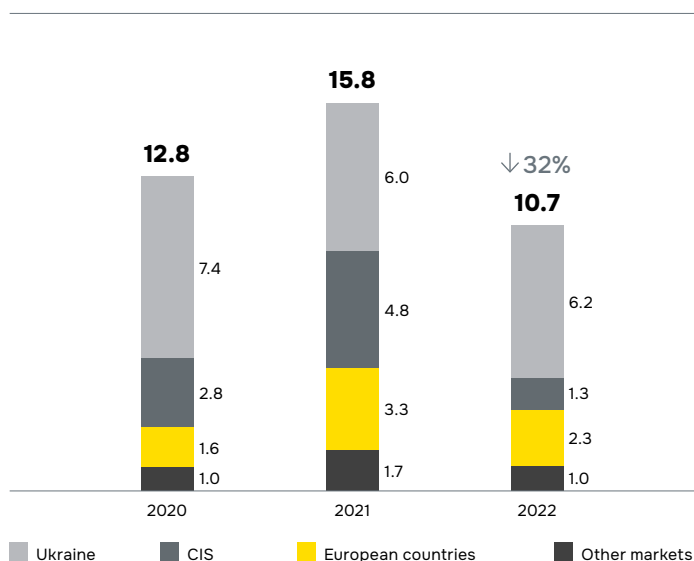
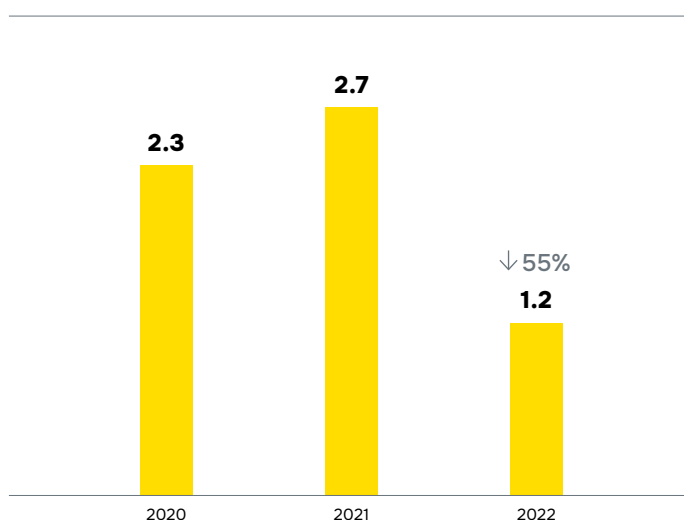


FIGURE 32.
PRODUCT SALES IN VALUE IN 2020-2022 2020, MILLION USD



The EBITDA from product sales in 2022 compared to 2021 decreased by 55.2% and amounted to 1.2 million USD.

FIGURE 33.
EBITDA FROM PRODUCT SALES IN 2020-2022, THOUSAND USD



The sharp drop in production, sales volume and EBITDA is due to the shrinking market and the negative impact of Russia's full-scale invasion of Ukraine on the Group's operations.

FINANCIAL PERFORMANCE OF THE GROUP

APPROACH TO FINANCIAL MANAGEMENT

The Interpipe Group operates in accordance with the internal financial management approach. Responsibilities for overall control in this area are assigned to the Company CFO.

The objectives of this approach are to ensure financial stability, solvency and high liquidity of Interpipe Group, to prevent a default and to establish common rules and standards for financial activities. The approach covers the management of cash balances, currency risks, debt load and dividend payments.

The value of the debt burden corresponds to the Group's net debt to EBITDA ratio, and is 2 for the threshold value and 1.5 for the target value. These indicators are calculated in accordance with the conditions specified in the Trust Deed for the issuance of Eurobonds with maturity in 2026.

More than 60% of the Group's revenue is generated in USD and EUR, while less than 20% of the Group's operating expenses are made in these currencies. In this regard, we believe that Interpipe has a "natural" currency hedge, since the volume of foreign currency earnings fully covers the volume of expenses and capital investment in the currency. That is why the Group attracts targeted debt financing in USD and EUR in order to reduce its cost, i.e., its interest rate.

In addition, in order to minimize currency risks, the Group has defined requirements for financial institutions where it keeps its funds. Preference is given to banks outside Ukraine, where 40% or more of the Group's cash balance is kept. Within Ukraine, the Group primarily keeps cash in state-owned banks and banks that are subsidiaries of international banks (excluding Russia). The Treasury of the Financial and Economic Service of the Group supervises the implementation of regulatory balances and established thresholds for the storage of cash.

APPROACH TO THE CONSOLIDATION OF FINANCIAL INFORMATION

Interpipe Holdings PLC is the parent company of the Interpipe Group, which holds stakes in its subsidiaries. In the process of compiling the consolidated financial statement according to current international financial reporting standards, relevant reports of parent and subsidiary companies are combined by adding the sum of indicators for similar items and excluding all intra-group balances and turnover. Consolidation of the Group's enterprises starts from the date when the Company acquires control over them and stops when such control is lost. In order to provide data on the Interpipe Group as a separate economic unit, information on the book value

of the parent's financial investments in each subsidiary and the share of the parent's equity in each subsidiary is excluded from the consolidated financial statement. In addition, we identify and separate the non-controlling minority interest in net assets and net profit (or loss) of subsidiaries. Profit (or loss) and each component of the aggregate income are attributable to the shareholders of the Group's parent company and to non-controlling minority interests, even if this is contrary to the financial interests of the minority. In the consolidated balance sheet, the minority interest is presented separately from the liabilities and equity of the parent company.

REVENUE

In 2022, Interpipe Group's total annual revenue amounted to 981 million USD. The main source of revenue generation for the Group is sales of pipe products. Revenue from seamless pipe sales was 726 million USD. This represents 96% of the Group's revenue from the pipe segment or 74% of the Group's overall revenue. Welded pipes traditionally account for a small share of total revenue (3% or 32 million USD). The key market for pipes is the US market, as pipe products are sold with high margins in this region. In 2022, almost 30% of the pipe division products were sold in the US market. The second largest region in terms of sales volume for Interpipe's pipe products is the European market.

The railway division generated 17% of the Group's annual revenue. Sales of the division's products declined with the beginning of the full-scale invasion due to restrictions in production, logistics and sales to certain markets. Sales of steel and related products generated about 6% of the Group's total annual revenue.

In general, the Group's annual revenue decline in 2022 was 13% compared to the previous year. Given the difficulties of doing business and significant obstacles stemming from Russia's full-scale invasion of Ukraine, this result can be considered quite successful.

US \$ 981 mln

TOTAL ANNUAL REVENUE

US \$ 758 mln

REVENUE FROM THE SALES OF PIPE PRODUCTS

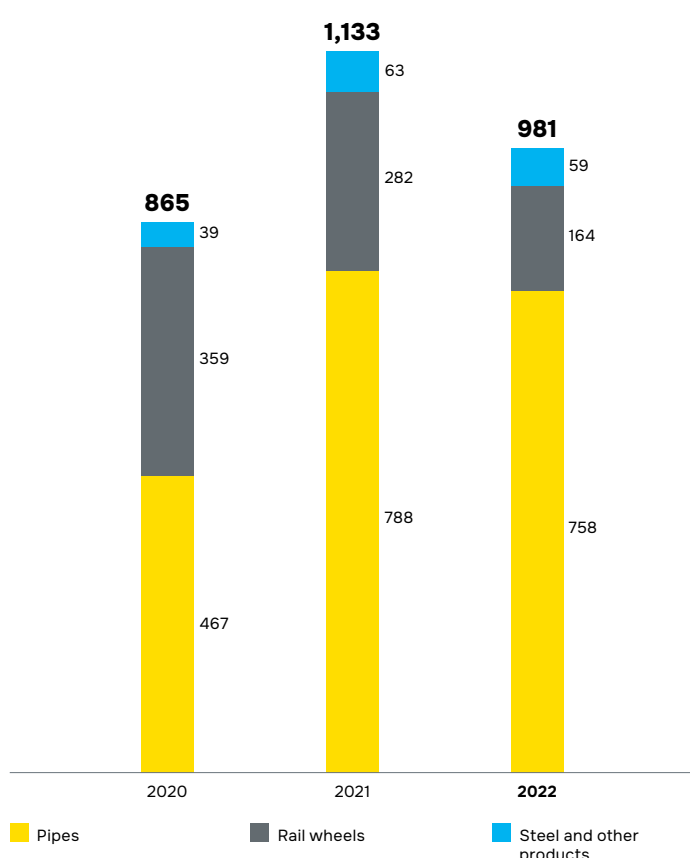
US \$ 164 mln

REVENUE FROM THE SALES OF RAILWAY PRODUCTS

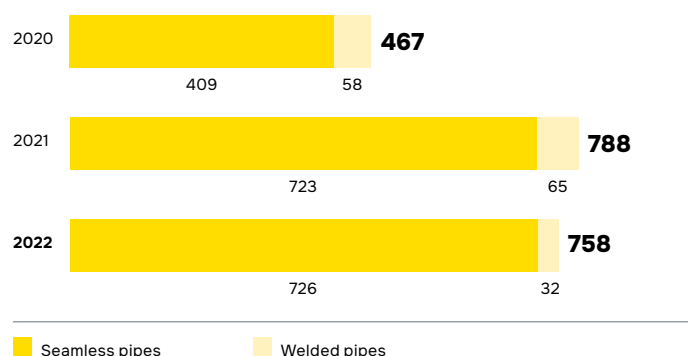
US \$ 59 mln

REVENUE FROM THE SALES OF STEEL AND OTHER PRODUCTS

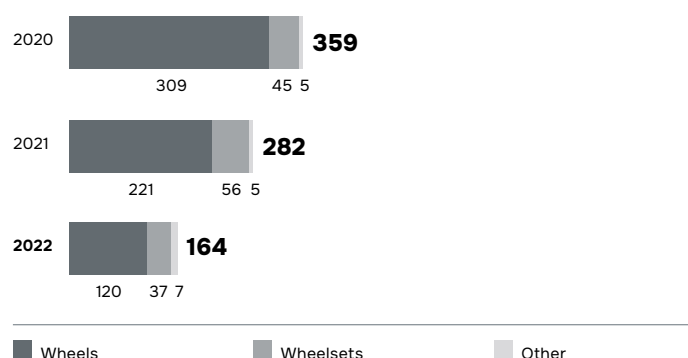
FIGURE 34.
INTERPIPE GROUP'S REVENUE BY PRODUCT
IN 2020-2022, MILLION USD



PIPES



WHEELS



Interpipe strives to work in high margin markets. Thanks to the strengthening of our positions in the development of new products and the increase in technological processes, our products remain competitive.

The emphasis on the markets of Europe and America allowed us to maintain the status of a profitable business, even despite the prolonged shutdown of production. Nonetheless, in 2022, revenue in most of our markets dropped.

In 2022, the sales volumes of the Group's products decreased compared to the previous year. The decrease in total revenue in all business segments is primarily caused by complicated logistics and production restrictions due to the shutdown of industrial assets in Ukraine at the beginning of the full-scale invasion. This caused downtime in production in the first quarter, and shelling of critical energy infrastructure in the fourth quarter negatively affected the stability of electricity supplies both in the Dnipropetrovsk region and in Ukraine as a whole.

FIGURE 35.
INTERPIPE GROUP REVENUE BY REGION IN 2022,
MILLION USD

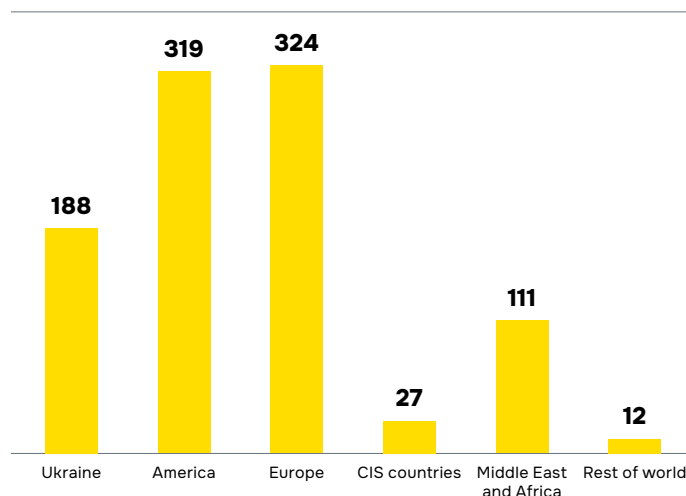


FIGURE 36.
SALES VOLUMES OF INTERPIPE GROUP PRODUCTS FOR INDIVIDUAL GOODS IN REGIONS, THOUSAND T



PIPES

The Group's total overall pipe sales volumes decreased by 36% in 2022 compared to the previous year, totalling 384 thousand tons. The largest share of total sales was from seamless pipes (93%), since sales of welded pipes fell by more than half (by 57%) compared to 2021 and amounted to 25 thousand tons.

The Group sold 114 thousand tons of seamless pipes in the American region, which is 12% less than in the previous year. The majority of products sold (73%) are oilfield casing and tubular goods OCTG pipes for oil and gas production, including premium and semi-premium pipe grades (which accounted for 17% of OCTG pipe sales in the region).

Sales volumes of pipe products in the Middle East and North Africa decreased by 52% to 63 thousand tons (including 47 thousand tons of linepipes). The main reasons for this were the Company's greater focus on the US market and significant increase in supplies by Chinese manufacturers

with their aggressive pricing policy. This limited the ability of suppliers from other countries to compete successfully in the region.

In 2022, sales volumes of pipe products in Europe amounted to 117 thousand tons, which is 21% less than in 2021. More than 90% of pipe sales in the region during 2021-2022 accounted for line seamless pipes. The decrease in sales volumes in Europe is due to a relatively low demand in the construction industry and increase in imports of cheap products from China.

In the domestic market, the Interpipe Group sold 76 thousand tons of pipe products, which is 32% less than in 2021. In 2022, construction activity in Ukraine fell by 65% due to the suspension of ongoing projects and new investments as a result of the war. Thus, the oil and gas industry was the main driver of demand for the Group's pipe products in the region.



RAILWAY PRODUCTS

In 2022, the Group's total sales volumes of railway products halved compared to 2021 to 87 thousand tons. The main product of this segment were rail wheels (77% of the total) and wheelsets (17%).

In 2022, the European market became key and strategic for the future of the Group after its inability to export to most CIS markets. Sales of rail wheels in Europe were at the level of the previous year and amounted to 30 thousand tons. However, sales of wheelsets in the region decreased by 38% and amounted to only 15 thousand tons. The reason for this is the limitations in production. The share of this market increased from 32% in 2021 to 54% in 2022 against the backdrop of falling total sales volumes.

In 2022, Interpipe Group sold 3 thousand tons of rail wheels in the American market, which is 70% less than in 2021. The decrease in sales volumes is caused by logistics problems due to the blockade of Ukrainian seaports. Sales volumes of railway products in the Middle East and North Africa increased by 5% relative to 2021 and amounted to 5 thousand tons, which is primarily due to increased deliveries to Saudi Arabia. In 2022, sales volumes of rail wheels in Ukraine were 15 thousand tons, which is 42% less than in 2021. The main reason for this decline is a significant reduction in train carriage construction in the second and third quarters due to the war. The repair segment was the main driver of demand for wheels in the domestic market during the year.

Cost of sales

In 2022, the cost of sales (excluding depreciation) amounted to 604 million USD, which is 22% less than in the previous year.

Compared to 2021, the share of costs for raw and other materials has significantly decreased. In the reporting year, expenses for this category amounted to 45% of the price or 268 million USD. The main reason for this is the decrease in the cost of scrap metal, which accounts for 73% of the Group's total costs for raw materials and 33% of the total cost of sales (198 million USD). In 2022, the market price of steel scrap in the domestic market fell on average by 29%, including due to the devaluation of the hryvnia.

Devaluation also impacted the reduction in the share of wages and related expenses in the total cost structure in the reporting year. In addition to scrap metal, a significant part of expenses for materials accounted for ferroalloys (10%), steel strip (9%), and pig iron (3%).

In 2022, the share of energy costs increased significantly with the rapid growth of market prices for gas (by 91% on average compared to 2021) and electricity (by 20%, respectively) in Ukraine, which were driven by global trends.

Another 7% of production costs was the payment of wages, and the rest were import duties, transport and repair costs, etc.

FIGURE 39.
DISTRIBUTION OF INTERPIPE GROUP'S COSTS FOR MATERIALS IN 2022, %

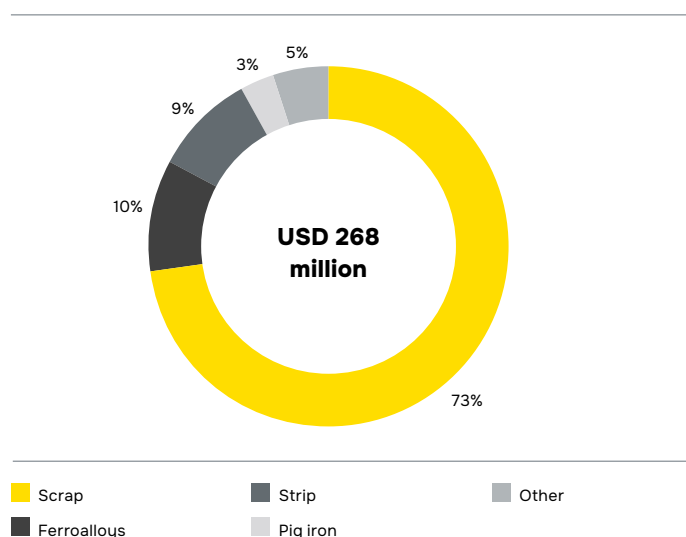
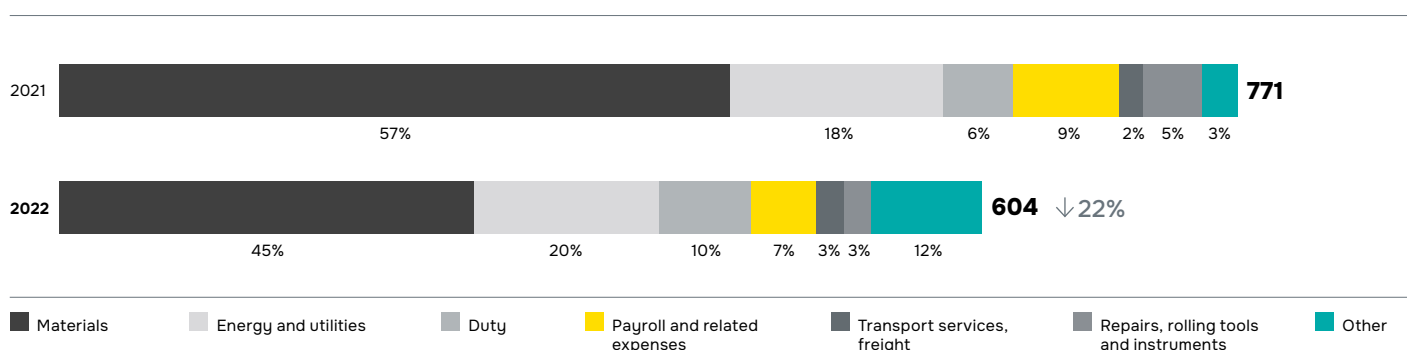


FIGURE 38. DYNAMICS OF COST OF SALES STRUCTURE (EXCLUDING DEPRECIATION)¹⁵ FOR 2021-2022, MILLION USD



¹⁵ In this section, cost of sales volumes are presented excluding depreciation according to Interpipe Group's approach to disclosure and analysis of this indicator.

FIGURE 40.
DYNAMICS OF PRICES FOR STEEL SCRAP, NATURAL GAS AND ELECTRICITY IN 2021-2022, USD¹⁶

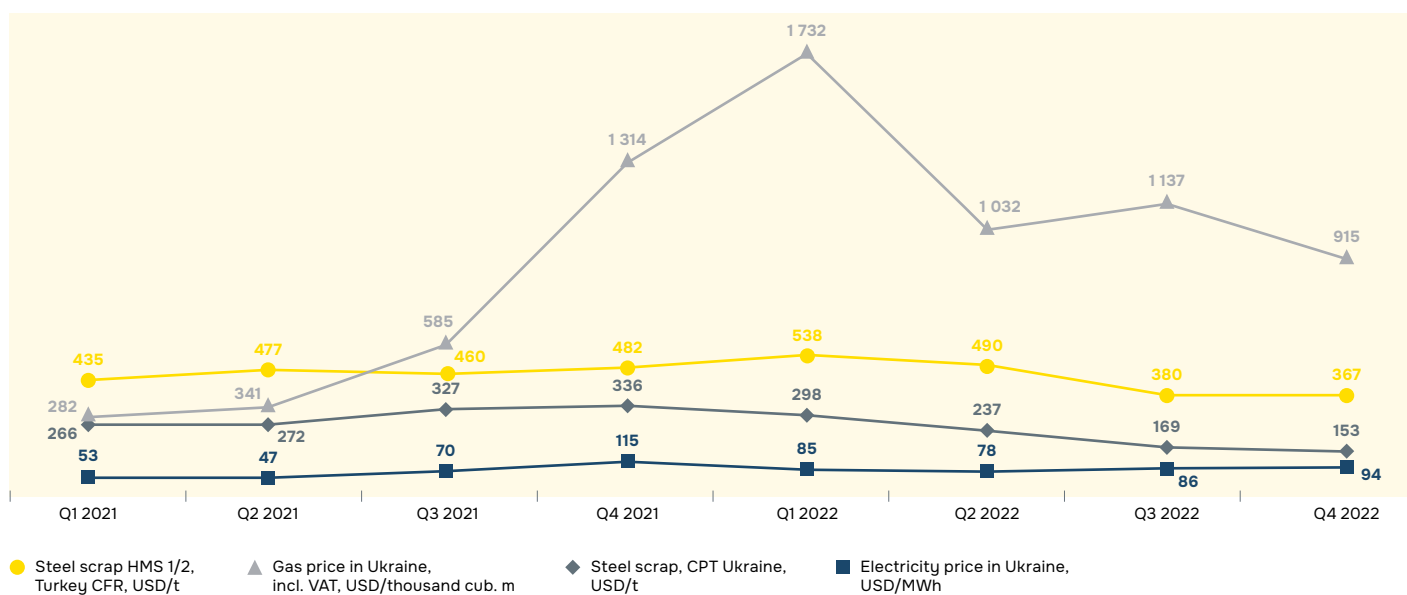
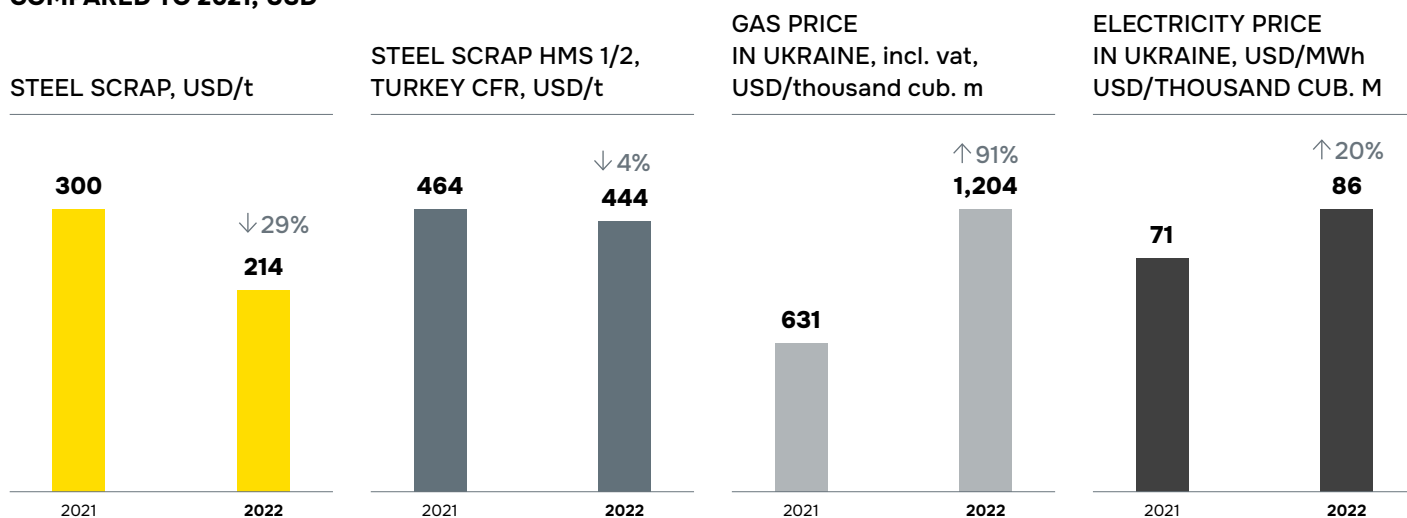


FIGURE 41.
ANALYSIS OF CHANGES IN PRICES FOR STEEL SCRAP, NATURAL GAS AND ELECTRICITY IN 2022 COMPARED TO 2021, USD



¹⁶ Prices are converted from UAH to USD at the average USD/UAH exchange rate for the relevant periods.

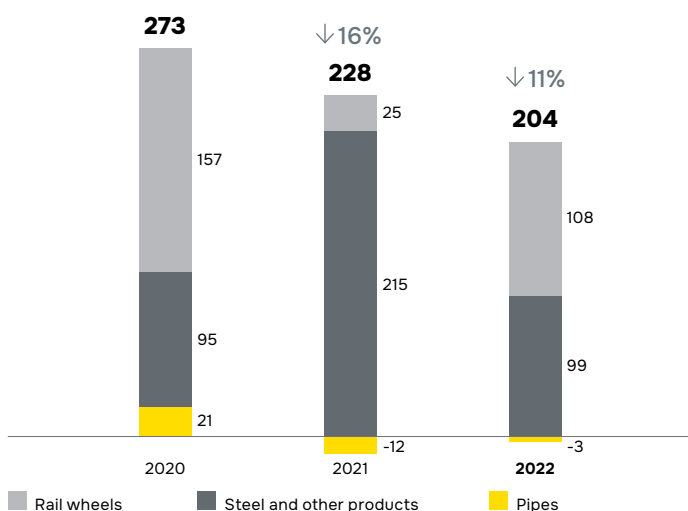


EBITDA

EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization)¹⁷ is the key performance indicator of the Group's operating segments.

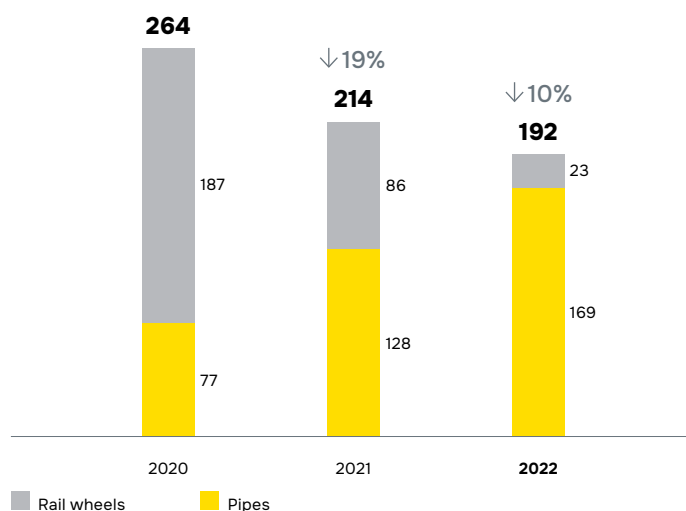
In 2022, EBITDA fell 11% compared to 2021. The bulk of EBITDA was generated by the pipe and steel segments. At the same time, the EBITDA pipe segment contribution to the Group's total indicator for 2022 increased to 53%, which became possible primarily due to the increase in the global price for seamless pipes. In 2022, EBITDA of the railway segment fell to a negative value due to limitations in production caused by Russia's full-scale invasion of Ukraine, and the inaccessibility of a significant part of the CIS market. The steel segment consistently holds a significant share in the overall EBITDA. In 2022, the segment accounted for 48% of the total indicator due to a significant margin between the market price of steel billets and the price of steel scrap and other materials in Ukraine.

FIGURE 42.
DYNAMICS OF EBITDA VOLUMES BY INTERPIPE GROUP SEGMENTS IN 2020-2022, MILLION USD



The Group also conducts an analysis of the consolidated EBITDA, where the respective EBITDA portions of the steel segment are redistributed between the pipe and rail segments. The consolidated EBITDA analysis for the Group's segments in 2022 shows a situation similar to 2020, when the consolidated EBITDA indicator of the pipe segment prevailed over the similar indicator of the railway segment. Instead, 2021 saw the opposite. This dynamics of EBITDA indicators demonstrates the sustainability of the Group business as a whole due to mutual hedging of the Group's segments in the event that one of the segments enters a downward trend in its market cycle.

FIGURE 43.
DYNAMICS OF THE CONSOLIDATED EBITDA VOLUMES BY INTERPIPE GROUP SEGMENTS IN 2020-2022, MILLION USD

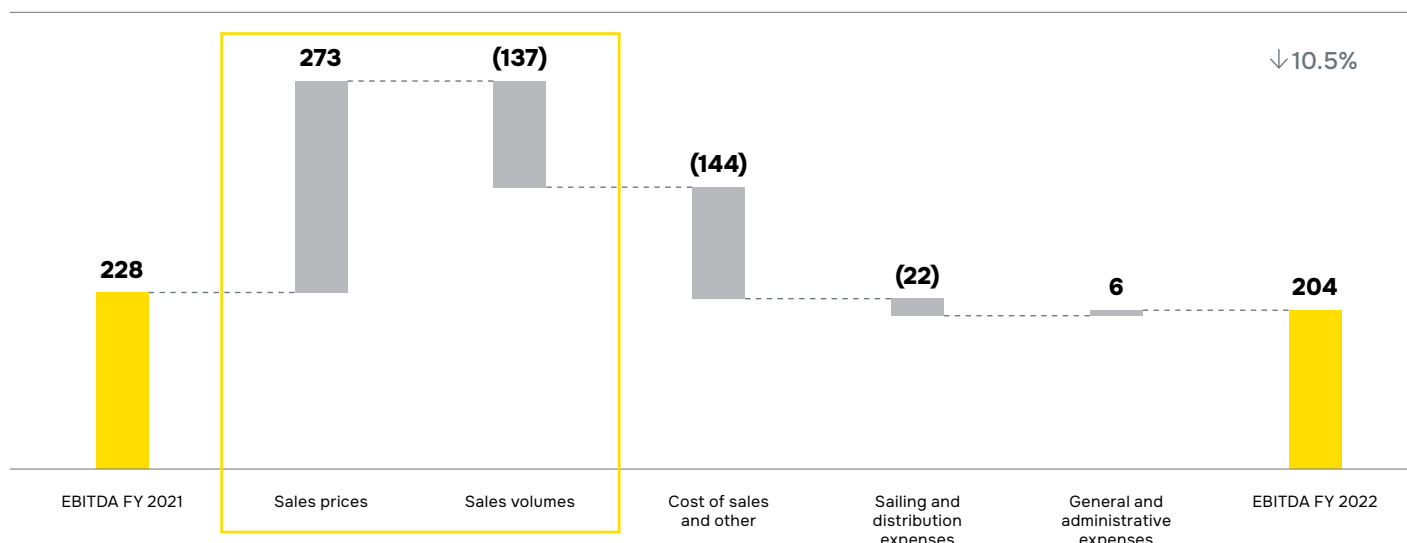


¹⁷ Prices are converted from UAH to USD at the average USD/UAH exchange rate for the relevant periods.



For a more detailed analysis of EBITDA dynamics in 2022, Interpipe Group conducts factor analysis of the indicator.

FIGURE 44.
FACTOR ANALYSIS OF EBITDA FROM 2021 TO 2022, MILLION USD



In 2022, Interpipe Group EBITDA dynamics was influenced by a number of factors.

TABLE 4. DESCRIPTION OF POSITIVE AND NEGATIVE EFFECTS OF A NUMBER OF FACTORS ON GROUP EBITDA IN 2022

FACTORS	POSITIVE EFFECT	NEGATIVE EFFECT	OBJECT OF IMPACT
Market	Global price increase for steel seamless pipes, especially for OCTG in the US market and for linepipes in the US and European markets		Revenue (sales prices).
	Increased demand for OCTG pipes in the USA and recovery of demand in Ukraine in the 2nd half of 2022		Revenue (sales prices).
		Impossibility of selling railway products in most of the CIS market	Revenue (sales prices).
		Significant increase in market prices for gas and electricity in Ukraine during 2022	Cost of goods sold.
	Decrease in market prices for steel scrap in the domestic market		Cost of goods sold.
Operational (caused by the war)		Production capacity downtime in February-April 2022 Shelling of Nikopol Attacks on critical energy infrastructure	Firstly, revenue (sales volume). Secondly, cost of goods sold.
		Blockade of Ukrainian seaports, longer logistics routes, pricier transport and other logistics services	Firstly, sales and marketing costs. Secondly, cost of goods sold.
Macroeconomic	Hryvnia devaluation by 34% during 2022		Cost of goods sold. General and administrative expenses.
	Temporary limiting of trade barriers in the US and EU seamless pipe markets		Firstly, cost of goods sold. Secondly, revenue (sales volumes).

CASH FLOW

Alongside with EBITDA, the Group's management also focuses on key cash flow indicators. Interpipe Group regularly conducts an annual analysis of key elements that affect cash flow indicators.

One of the Group's greatest achievements in this regard is the full conversion of EBITDA into operating cash flow before changes in working capital (240 million USD), which allowed us to finance all of Interpipe's needs in 2022 and set aside the remaining cash¹⁸ in the amount of 154 million USD as of the end of the year.

Despite the drop in the Group's total sales, working capital investments increased by USD 22 million in the reporting year. The main driver of these investments was the pipe segment due to the need to build new logistics routes from EU ports to the export markets of America, the Middle East and North Africa. This led to an increase in the delivery time of products, for example, the delivery time in the USA increased to 3-4 months. A significant share of working capital investments occurred in the second half of 2022 after resumption of production at the Group's industrial facilities, sending the first batches and establishing sustainable operation of new distribution channels.

During the martial law, the Group fully and promptly fulfilled its obligations to pay income tax and service financial liabilities totalling 56 million USD. Of these, 28 million USD was allocated to service debt obligations: coupons on Eurobonds with maturity in 2026 and interest on bank loans were paid on time and in full despite existing regulatory restrictions of the National Bank of Ukraine.

Net cash outflow from investment activities amounted to 20 million USD: the Group allocated 21 million USD to capital investments and received 1 million USD as interest on cash placed in term deposits and current accounts.

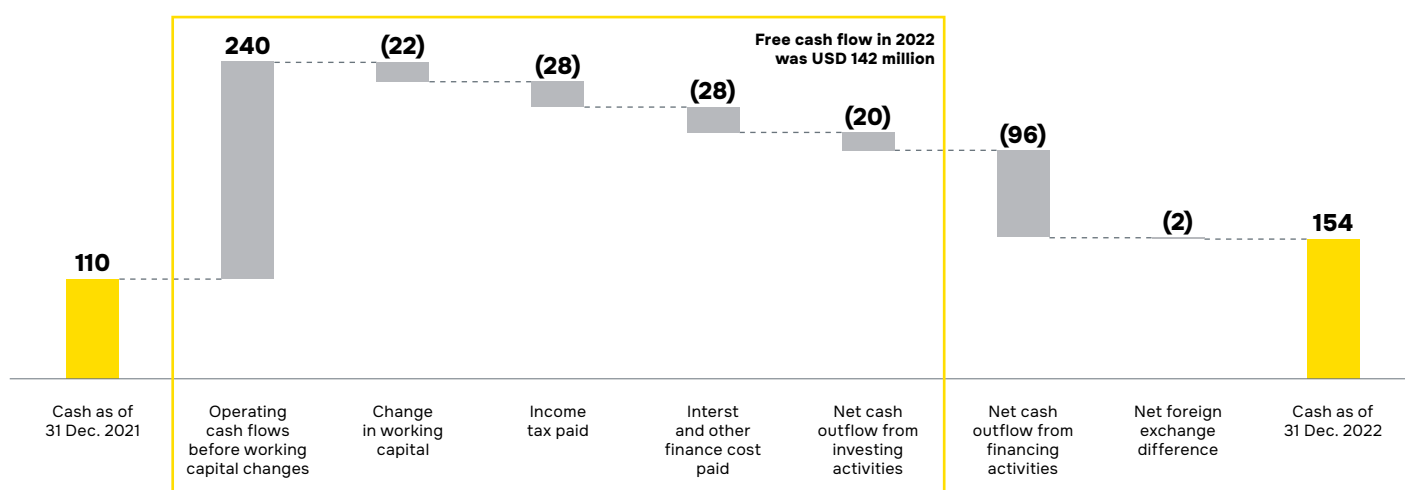
With the onset of Russia's full-scale invasion of Ukraine, capital investments in development projects were suspended. Therefore, the vast majority of the 21 million USD capital investments in 2022 went into repairs.

In 2022, the Group spent 96 million USD on debt repayments. The Group made payments according to the repayment schedule on bank loans and the first annual payment for Performance Sharing Fees and Securities in the total amount of about 27 million USD. In addition, the Interpipe Board and Board of Directors decided to pay back a 69 million USD loan from shareholders, which was raised in 2014 as business stabilization support during the global crisis in the oil and gas sector in 2014-2015. This decision was made based on having achieved high financial results for several consecutive years, and also taking into account that the net debt to EBITDA ratio was well below the threshold.

Due to the timely fulfillment of its obligations, the Interpipe Group remains a competitive and solvent business for both the state and financial institutions.

Free cash flow at the end of 2022 was 142 million USD¹⁹, whilst in 2021 this value was negative. This result was achieved due to the lower need for investment in working capital²⁰ and the forced suspension of large capital investment projects due to the military hostilities.

FIGURE 45.
FACTOR ANALYSIS OF CASH FLOW IN 2022, MILLION USD



As of the end of 2022, the Group had 154 million USD cash and cash equivalents²¹ in its accounts. This high level of liquidity is one of the key factors of the Group's long-term financial

stability, as it fully covers the debt repayment schedule for debt obligations until 2026.

¹⁸ The balance of funds is calculated in accordance with International Financial Reporting Standards (IFRS).

¹⁹ Free cash flow is calculated as net cash flow from operating activities minus net cash flow from investment activities.

²⁰ In 2021, Interpipe Group invested 122 million USD due to the global increase in prices for basic materials and the growth in sales of seamless pipes (especially OCTG pipes).

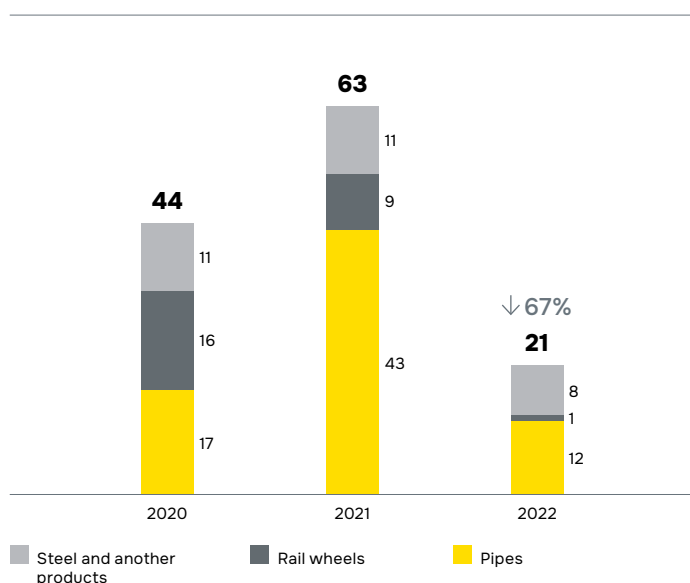
²¹ Cash balance is calculated in accordance with International Financial Reporting Standards (IFRS).

CAPITAL INVESTMENTS OF THE GROUP IN 2022

Due to Russia's full-scale invasion of Ukraine, the implementation of the Investment Program for 2022 was suspended and was not implemented in 2022. A detailed list of the Investment Program projects and the amount of capital investments for their implementation are given in the section **Capital investments of the Group**. We focused on resolving urgent operational issues and conducting the necessary capital repairs and projects to support the functioning of industrial assets.

Therefore, compared to 2021, the Group's capital investments decreased by two thirds to 21 million USD. The distribution of capital investments (overhauls) by segments generally corresponds to the level of capacity involvement and the dynamics of production for each of them throughout the year. Approximately 57% of total capital investment was in the pipe segment, 38% was in the steel segment and the rest (5%) was in the rail wheel segment.

FIGURE 46.
CAPITAL INVESTMENTS BY GROUP SEGMENTS,
MILLION USD



For the Interpipe Group, debt is one of the sources of financing that allows maintaining a stable capital structure in the long term. In our opinion, a debt level of 400 to 450 million USD is sustainable for the Group and provides an opportunity to achieve strategic goals given the current size of the business.

As of the end of 2022, the total debt of the Interpipe Group amounted to 386 million USD²². Compared to 2021, this indicator decreased by 32 million USD (or 8%) primarily by reducing the fair value measurement of Performance Sharing Fees and Securities and repayment of bank loans.

The components of Interpipe Group's total debt as of December 31, 2022 were:

- 5-year Eurobonds worth 298 million USD (at amortization cost). The nominal amount of debt is USD million USD, the coupon rate is 8.375% per annum (paid twice a year). The final maturity date is May 13, 2026. The Eurobonds are listed on the Official List of the Luxembourg Stock Exchange.
- Debt on two bank loans from JSC Ukrgasbank. Both loans have a floating interest rate, changing once a year and equal to the 12-month UIRD index in EUR²³ + 3.88% per annum. These loans are denominated in EUR for a total amount equivalent to 38 million USD (as of 31.12.2022):
 - Short-term revolving credit facility of 7 million EUR with final maturity date of December 13, 2023;
 - Long-term non-revolving credit facility with an outstanding balance of 28.4 million EUR with final maturity date of November 30, 2025. In 2022, the Group successfully negotiated with the bank to change the repayment schedule for the credit facility, as a result, it was possible to reduce the mandatory monthly depreciation for a total of 7 million EUR during the year due to the postponement of the repayment periods of the greater part to the following years.
- Performance Sharing Fees and Securities with fair value measurement of 50 million USD. This instrument is actually an equity-like instrument, since holders of this instrument are entitled to receive a certain share of EBITDA or Adjusted Cash flow according to the consolidated financial statements of the Interpipe Group for three consecutive annual periods²⁴, namely:

ACCUAL PERIOD	DATE OF PAYMENT	PAYMENT CALCULATION
July 1, 2021 to June 30, 2022	October 2022	15% of EBITDA or 22.5% of Adjusted Cash flow for the accrual period (whichever is greater)
July 1, 2022 to June 30, 2023	October 2023	
July 1, 2023 to June 30, 2024	October 2024	

Payment of the first annual instalment in the amount of approximately 25 million USD was made in October 2022.

²² Calculated according to the methodology laid down in the Trust Deed conditions for the issue of Eurobonds with maturity in 2026, <https://interpipe.biz/upload/bb2eb65b1cc415b10bc3b782f0197f5f.pdf>.

²³ Ukrainian Index of Retail Deposit Rates (UIRD) – rates calculated by Thomson Reuters according to the methodology developed jointly with the National Bank of Ukraine (NBU). The index is calculated on the basis of nominal rates on individuals' deposits of key commercial banks of Ukraine, <https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fbank.gov.ua%2Ffiles%2FUIRD.xls&wdOrigin=BROWSELINK>

²⁴ Performance Securities issued by Interpipe Investments Plc, <https://interpipe.biz/upload/832dfbcc674469d8a6d4062d3f2789b8.pdf>

The amount of the Group's net debt in 2022 decreased to 231 million USD²⁵ compared to 2021. Despite the unfavorable conditions for conducting business throughout 2022 and existing regulatory restrictions, the Group faithfully fulfilled all its obligations to repay and service debts to creditors and investors. Moreover, the net debt to EBITDA ratio in 2022 strengthened to 1.1 due to strong financial results and is well below the regulatory indicators according to our debt management approach.

FIGURE 47.
DYNAMICS OF TOTAL AND NET DEBT (MILLION USD)
AND NET DEBT TO EBITDA RATIO IN 2020-2022,
MILLION USD

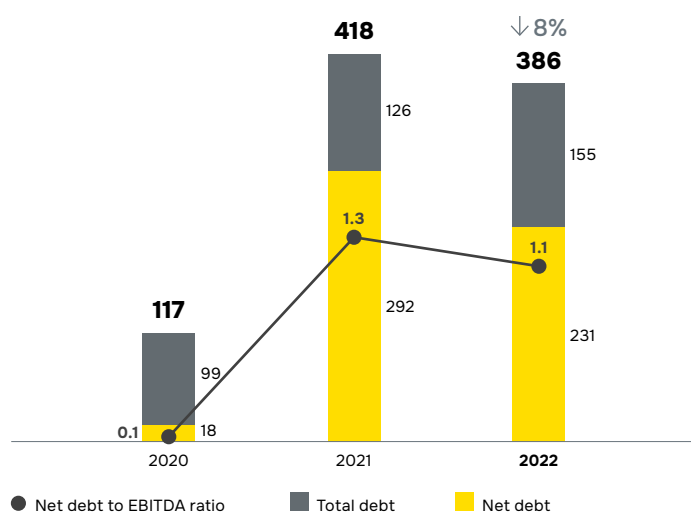
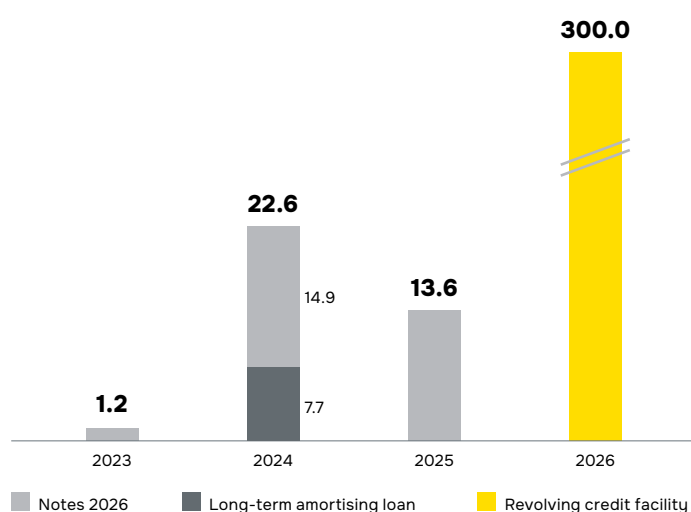


FIGURE 48.
CURRENT DEBT REPAYMENT SCHEDULE, MILLION USD



²⁵ Calculated according to the methodology laid down in the Trust Deed conditions for the issue of Eurobonds with maturity in 2026, <https://interpipe.biz/upload/bb2eb65b1cc415b10bc3b782f0197f5f.pdf>.



CORPORATE GOVERNANCE OF THE INTERPIPE GROUP

CORPORATE GOVERNANCE STRUCTURE OF THE GROUP

Interpipe Holdings Plc is the parent company of the Interpipe Group and takes the legal form of a public limited liability company. The Group includes 16 companies registered in Ukraine and 14 abroad. For a complete list of these companies, see the section **About this Report**. The Group's companies operate in accordance with the legislation of the country of registration, and relevant regulatory documents, including statutory ones. The Group's companies are governed by management in the respective jurisdictions of their registration.

The parent company of Interpipe Holdings Plc is registered at 8, Mykinon St., 1065, Nicosia, Cyprus.

The Group belongs to a number of discrete trusts created for management. The trusts are managed by professional, experienced and reputable trust management companies. The beneficiaries of the discrete trusts are the Ukrainian citizen Viktor Pinchuk, his wife and children.

The corporate governance structure of Interpipe consists of the General Meeting of Shareholders, the Board of Directors and the Management board. Each of the group's industrial enterprises has a Supervisory board, Management Board and Audit Committee.

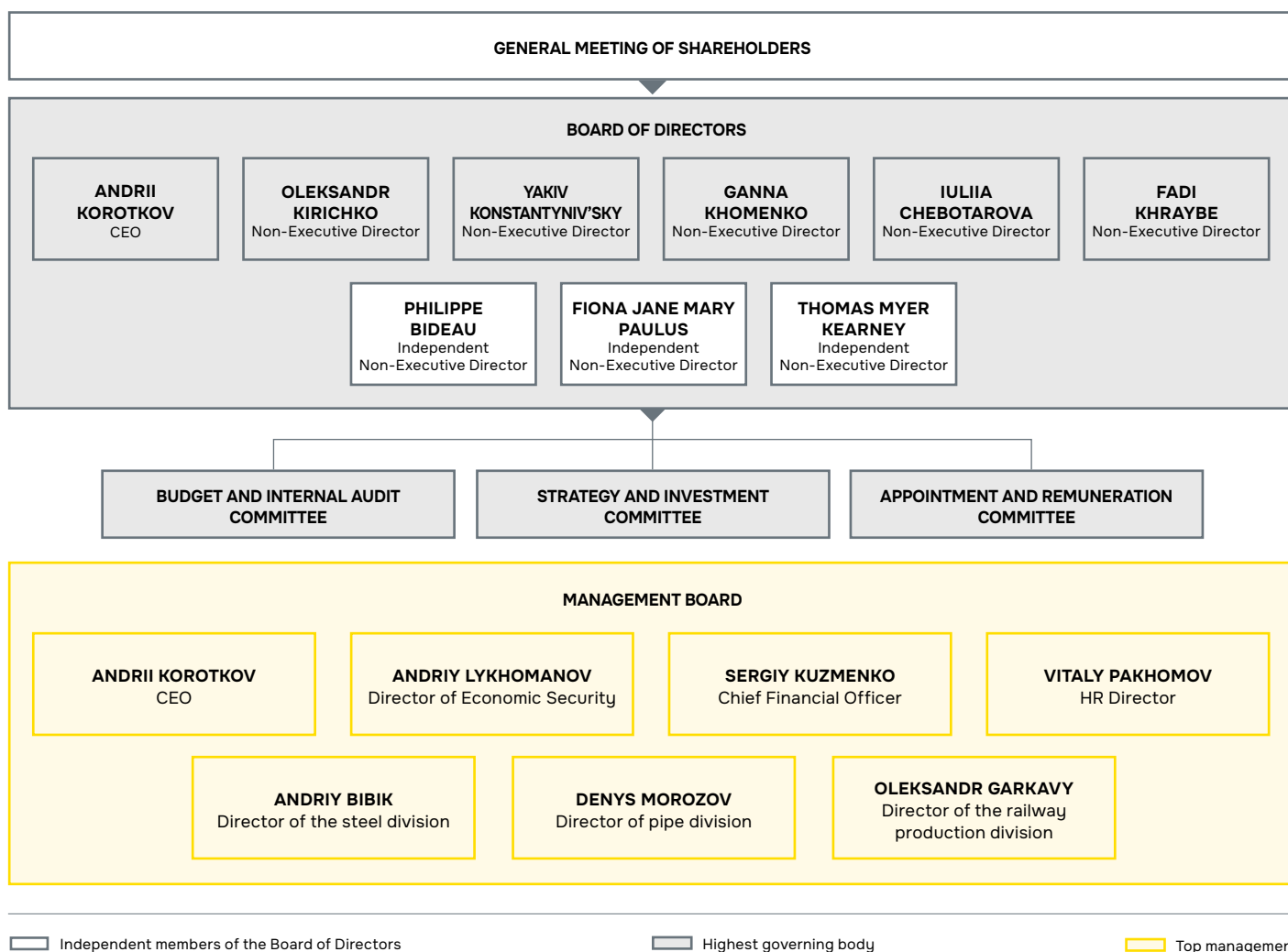


FIGURE 49. INTERPIPE CORPORATE GOVERNANCE STRUCTURE

BOARD OF DIRECTORS



ANDRII KOROTKOV
CEO

Andrii Korotkov is responsible for operational and strategic development of Interpipe.

Mr. Korotkov has years of experience in managing industrial companies and has been involved into implementation of large-scale investment and production development projects.

He has held managing positions at Interpipe for almost 20 years – from Pipe Department Manager to Interpipe NTRP Chairman of the

Board, Director of Steel Division of Interpipe, Chief Operating Officer of the company.

Andrii Korotkov graduated from Dnipropetrovsk State University in 1990 with the “Radio physics” major.



OLEKSANDR KIRICHKO
Non-Executive Director

Mr. Kirichko has extensive industry management experience, particularly in the Company. Prior to his appointment to the Board of Directors, Mr. Kirichko held the position of CEO of Interpipe.

Mr. Kirichko received his education at the Dnipropetrovsk National University.



YAKIV KONSTANTYNIV'SKY
Non-Executive Director

Prior to his appointment to the Board of Directors, Mr. Konstantyniv'sky served as director of the Dnipro office of EastOne Group, and worked for Interpipe.

Mr. Konstantyniv'sky received his education at the Kharkov Law Institute.



GANNA KHOMENKO
Non-Executive Director

Ms. Khomenko has extensive managerial experience. Prior to joining the Company, Ganna Khomenko held the position of General Director of Fiduciana Trust Limited, as well as General Director of Leisure Life Property Management.

Ms. Khomenko received her education at Kiev National University, and studied at University of Keele in Germany.



IULIIA CHEBOTAROVA
Non-Executive Director

Prior to being appointed to the Board of Directors, Ms. Chebotarova served as Executive Director and COO at EastOne Group, and served as Vice President for Corporate Property at Interpipe.

Ms. Chebotarova received education at Dnipropetrovsk National University, and studied at the Interregional Academy of Personnel Management, Ukraine.



FADI KHRAYBE
Non-Executive Director

Fadi Khaybe has an extensive experience in managing industrial companies. In 2016-2020 was CEO at Interpipe, previously he held the position of Senior Vice President at Argo Investment and was the Managing Director of the shipbuilding company Nordic Yards.

Fadi Khaybe has an engineering degree from the American University of Beirut in Lebanon, and Master's Degree in Business Administration from INSEAD in France.



PHILIPPE BIDEAU
Independent
Non-Executive Director

Prior to his appointment to the Board of Directors, Mr. Bideau served as Director at McKinsey & Company.

Philippe Bideau received education at the University of Stanford, California, USA.



FIONA JANE MARY PAULUS
Independent Non-Executive
Director

Prior to her appointment to the Board of Directors, Ms. Paulus served as Non-Executive Director at RHI-Magnesita, as well as a Non-Executive Director at Housing Pathways.

Ms. Paulus received education at Durham University, England.



THOMAS MYER KEARNEY
Independent
Non-Executive Director

Prior to being appointed to the Board of Directors, Mr. Kearney served as Commissioner at Bumi Resources, and served as Director at Mriya Farming.

Thomas Kearney received his education at Harvard University, Massachusetts, USA, and studied at Johns Hopkins University, Maryland, USA.

MANAGEMENT BOARD



ANDRII KOROTKOV
CEO

Andrii Korotkov is responsible for operational and strategic development of Interpipe.

Mr. Korotkov has years of experience in managing industrial companies and has been involved into implementation of large-scale investment and production development projects.

He has held managing positions at Interpipe for almost 20 years – from Pipe Department Manager to Interpipe NTRP Chairman of the Board, Director of Steel Division of Interpipe, Chief Operating Officer of the company.

Andrii Korotkov graduated from Dnipropetrovsk State University in 1990 with the "Radio physics" major.



ANDRIY LYKHOMANOV
Director of Economic Security

Andriy Lykhanov is responsible for ensuring the economic security of the company, the prevention of unlawful operations and guaranteeing Interpipe's external business safety.

Previously, Andriy Lykhanov held identical positions at Interpipe Niko Tube and Nikopol South Steel Plant and for a long time had worked at a domestic affairs agency.

Andriy Lykhanov has a law degree. In 2008, Andriy received an MBA degree from Rasmus (Holland).



SERGIY KUZMENKO
Chief Financial Officer

Mr. Kuzmenko has been working for Interpipe since 2001. He started as an economist in the industrial assets department. Prior to his current appointment, he held the position of Deputy Director for Finance and Economics of the Company, and also was Director for Finance and Economics at Interpipe NTRP.

He holds an MBA from Manchester Business School. Prior to that, he graduated from the National Metallurgical Academy with a degree in Economics.



VITALY PAKHOMOV
HR Director

Vitaly Pakhomov is responsible for HR management at the company. He has over 20 years of experience in HR management in large manufacturing companies. Previously, Vitaly held the position of HR Director of the state concern Ukroboronprom, and was in charge of HR services at the assets of Metinvest for more than 10 years.

Vitaly Pakhomov received education at the Kyiv National Economic University, and the British Open University (Great Britain), an MBA from Link International Institute of Management (Russia), completed training in York University Business School and Brandon University, Canada.



ANDRIY BIBIK
Director of the steel division

Andriy Bibik's area of responsibility includes ensuring the work of Interpipe Steel and Interpipe Vtormet.

Mr. Bibik has been working with Interpipe since 2003. Previously, he held the positions of Pipe Sales Director for the CIS and Ukraine Markets, Commercial Director for the CIS and Ukraine Markets, Sales Director for Mechanical Pipes. Since 2017, he was in charge of the Procurement and Logistics department of the Company. He has been appointed Director of the Steel Division in 2021.



DENYS MOROZOV
Director of pipe division

Denys has been working at Interpipe since 2000. During his employment with the Company, he has been Head of the budget division of the Financial and Economic department of Interpipe, as well as Director for Product and Resource Management and Director for Finance and Economics. Prior to his appointment as Director of Pipe Division, he held the position of First Deputy General Director for Strategic Projects.

Graduated from Dnipropetrovsk National University, holds a master's degree in Information Systems in Management.



OLEKSANDR GARKAVY
Director of the railway production division

Oleksandr Garkavy is responsible for Railway Products Division of Interpipe.

Mr. Garkavy has been working for the company since 2014. He held the positions of Head of wheel sales department, Sales Director for wheel production. Before joining Interpipe Mr. Garkavy has been working in Valdunys for more than 5 years at the position of Sales Director. In total, Mr. Garkavy has 15 years of experience in railway industry.

Oleksandr graduated from Malmo University (Sweden) in mechanical engineering and later got executive MBA degree at EDHEC Business School (France).

The Company's Board of Directors consists of 9 members, including three independent directors who are independent industry experts with renowned experience. As of the date of publication of this report, the Permanent Chairman of the Board of Directors is absent, and the chairman is elected by the Board of Directors at each meeting.

In accordance with the Articles of Association of Interpipe Holdings PLC, members of the Board of directors are nominated and approved by the General Meeting of Shareholders. To approve a candidate for membership in the Board of Directors, all 7 participants of the meeting must unanimously support it. The criteria for nominating candidates to the Board of directors are the required experience, competencies and skills in sectors that are directly related to the Group's business, and evidence of specialized education. The Board of Directors consists of independent non-executive directors who were previously supervisors on the Board of Directors at the request of major creditors. Thus, the inclusion of independent experts in the Board of Directors was carried out in accordance with the position of stakeholders.

Most of the board members have many years of experience in managing the Group, some of them have previously held positions in top management, and therefore are well acquainted with the Group's business processes.

Members of the board of directors represent the interests of shareholders. This body has 3 standing committees:

STRATEGY AND INVESTMENT COMMITTEE

APPOINTMENT AND REMUNERATION COMMITTEE

BUDGET AND INTERNAL AUDIT COMMITTEE






















































The Strategy and Investment Committee is responsible for making decisions that may be essential to the Group's contribution towards the achievement of its Sustainable Development Goals. This committee considers issues related to investments in the manufacturing facilities of the Company's enterprises, including those that will have an impact on the economic, environmental and social dimensions.

The committees of the Board of Directors provide advice on various issues related to the Group's activities, including the development and updating of strategies, policies and values. The board of Directors makes decisions on all issues within the limits of the powers defined in Articles of Association, is responsible for the strategic management of the Group and has certain powers on operational issues. Responsibility for managing sustainable development issues is delegated within the statutory authority and authority matrix approved by the Board of Directors.

Members of the Board of Directors combine significant commercial, technical, and managerial experience and competencies, which increases the effectiveness of the Group's management.



TABLE 5. COMPETENCIES OF DIRECTORS OF THE INTERPIPE GROUP

Full name	Andrii Korotkov	Fadi Khraybe	Iuliia Chebotarova	Ganna Khomenko	Oleksandr Kirichko	Yakiv Konstantyniv'sky	Philippe Bideau	Fiona Jane Mary Paulus	Thomas Myer Kearney
Position	CEO	Non-Executive Director	Non-Executive Director	Non-Executive Director	Non-Executive Director	Non-Executive Director	Independent Non-Executive Director	Independent Non-Executive Director	Independent Non-Executive Director
Work Experience in Interpipe	19+	11+	10+	15+	22+	10+	6+	2+	2+
Corporate Planning/ Business Strategy									
Finance/ Accounting/ Economics									
Human Resources Management									
Risk Management/ Compliance									
Technologies/ Research and Development									
Sales/ Procurement / Marketing									
Management of International Companies									
Environment/ Sustainable Development									
Public administration/ Public Policy									

The Articles of Association of Interpipe Holdings PLC stipulate that members of the Board of Directors do not have the right to vote on issues on which they have or may have a conflict of interest. If a member of the Board of Directors votes on an issue that raises such conflict of interest, his vote will be considered invalid and will not be taken into account when counting votes to establish a quorum. However, the Interpipe Articles of Association provides for specific exceptions regarding the consideration of the Board of Directors' votes in the event of a possible conflict of interest.

In accordance with the Group's codes and policies, conflicts of interest are not allowed, so there are no cases for disclosing such information. Public information about members of the Board of Directors is publicly available to any of the stakeholders.

TOP MANAGEMENT

The Management Board of the Group consists of the general director (Andriy Korotkov) and 6 directors, three of whom are responsible for the main business segments (steel, pipe, and railway products divisions):

Director of the Steel Division — Andriy Bibik

Director of the Pipe Division — Denys Morozov

Director of the Railway Production Division —
Oleksander Garkavy

and three others responsible for certain operational areas:

Chief Financial Officer — Sergiy Kuzmenko

Director of Economic Security — Andriy Lykhomanov

HR Director — Vitaly Pakhomov

PRINCIPLES OF MOTIVATION AND REMUNERATION

The approach to determining remuneration and motivation in the Group is regulated by the Compensation Policy — a system of principles, goals and measures in the field of HR management that influence the structure, size and dynamics of remuneration and motivation of Group employees designed to help it achieve its strategic goals.

Independent consultants were involved in the development of the Compensation Policy.

The process of forming the Compensation Policy includes seven steps:

1. Creating the Group's overall strategy;
2. Creating an HR strategy based on the Group's overall strategy;
3. After cascading strategies — forming a reward policy;
4. Defining the structure and elements of the remuneration policy;
5. Formation of remuneration policy principles;
6. Scaling the remuneration policy to all Group's assets;
7. Monitoring compliance with the remuneration policy.

When making decisions on remuneration, the opinion of stakeholders is taken into account. Decisions of stakeholders on remuneration policies and proposals are made based on the results of unanimous voting or on the basis of a quorum.

The Group has a Board of Directors committee that oversees the remuneration determination process. The Board of Directors is responsible for adopting the Compensation Policy and establishing remuneration for key employees. The general review of remuneration and determination of employee bonuses (other than key employees) is carried out

by the Group's Management Board. Individual decisions are made within the limits of his authority by the HR Director. The functioning of the remuneration system falls under the responsibility of the Compensation and Benefits Department of the HR Management Service.

Remuneration of Group employees consists of a fixed part (the established official salary) and a variable part (performance bonuses). The bonus is paid for the implementation of performance indicators that are set in accordance with the strategic goals of the Group. The key performance indicators for all employees are based on their contributions towards reducing costs and improving operational efficiency, aimed at increasing the Group's operating profit.

The process of informing employees about changes in the level of remuneration is done via written notification within the timeframes established by the current labor law. The Group does not have fixed dates for reviewing remuneration levels. The review takes place depending on the financial capabilities of Interpipe Group and the situation in the labor market.

The remuneration of members of the top management of the Group is determined by:

- influence of the position on the results of the Group's performance;
- the complexity of the issues that have to be solved in the position;
- knowledge and skills that are necessary in the position to identify and solve certain tasks.

The amount of remuneration for each position is directly proportional to individual professional achievements.

INTRA-GROUP MANAGEMENT CODES AND POLICIES

The main principles of our activities are reflected in the Group's codes and policies. Interpipe's policies are designed to establish the principles of all financial, commercial, administrative and technical activities. Compliance ensures that any process is carried out in accordance with the recommendations of the Board of Directors, internal regulations and instructions, as well as generally accepted management rules and regulations. We strive to create social and economic value by adhering to the principles of business ethics and respect for people.

The Group has identified and committed itself to adhering to the most important values, principles, standards of conduct and ethical standards set out in the Code of Ethics. This document certifies the principle of transparency and other values of Interpipe in the field of Corporate Social Responsibility. Each employee is required to familiarize himself with the Code of Ethics and strictly follow it during work. The Group's approach ensures the right of its employees to mutual respect in the workplace, deep engagement with a focus on results, and guarantees equal opportunities.

The Investment Policy is designed to stimulate growth in the value of the Group's pipe and railway business segments. The policy is aimed at advancing the main objectives of the Group's investment activities — ensuring compliance of equipment and technologies with the planned sales volumes of strategic products, guaranteeing cost advantages in the production of pipe and wheel products, improving product quality, and encouraging higher staff productivity. The Investment Program is designed to achieve the goals and objectives of investment activities and is reviewed annually as part of the strategic planning for the next 5 years and approved by the Board of Directors. The Investment Program consists of a list of projects, decision-making and project implementation schedules, capital expenditure estimates, and project payback calculations.

The Accounting Policy defines a set of principles, methods and procedures used by the Group to maintain its accounting, prepare and present financial statements in accordance with applicable standards. It contains, inter alia, approaches to the conversion of foreign currencies, investments in foreign operations, goodwill valuation, depreciation of assets, lease operations, borrowing, accounting for intangible assets, investments, dividends, and more. These principles are reflected in the Group's Consolidated Financial Statements.

The Board of Directors approves and monitors the implementation of these policies. Interpipe management is responsible for developing and implementing the necessary measures to achieve the strategic goals set by these policies.

Most of the Group's policies and internal regulations apply to all divisions and subsidiaries of the Group, but some policies (Environmental Policy, Industrial Safety and Labor Protection Policy) are developed specifically for individual enterprises. Individual Group policies cover specific operational procedures, such as Trade and Procurement Policies. A more detailed description of the approach to management, which is regulated by these policies, is given in the relevant sections.

Policies and codes are reviewed and updated as necessary, usually at least once every 2 years.



INTERNAL CONTROL AND RISK MANAGEMENT

The Group's risk management system is organized on the basis of the distribution of relevant functions and authorities among its main services.

In general, material risks are determined centrally at the Board level, and then each risk is subsequently examined within a specific service of the Group in accordance with their competences to mitigate or avoid potential threats.

Risks associated with the impact on the Group's financial results are disclosed in the financial statements and are subject to audit by external auditing organizations. Senior managers are involved in the development and presentation of the Group's reports, and the reports are approved by the Board of Directors.

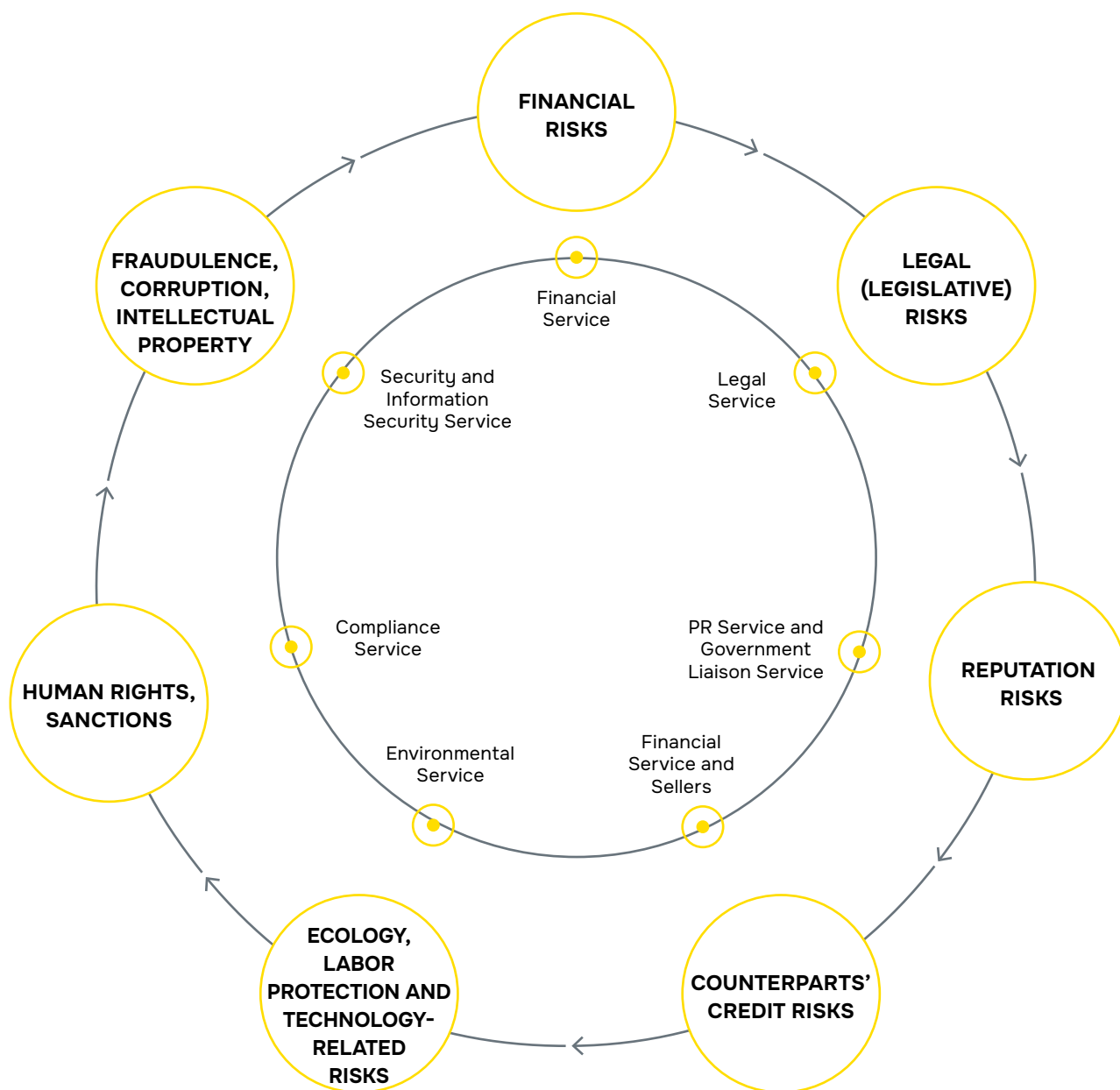


FIGURE 50. DISTRIBUTION OF RISK MANAGEMENT FUNCTIONS AND AUTHORITIES BETWEEN INTERPIPE GROUP SERVICES

INTERNAL AUDIT

The process of conducting an internal audit on the Group's assets is determined by the approved Internal Audit Procedure.

The Internal Audit Service (hereinafter referred to as the IAS) is centralized for the entire Group. To ensure independence, the IAS reports directly to the Board of Directors. Each year, the head of the IAS sends proposals to the Audit Committee (under the Board) on the IAS department's budget and annual audit plan.

The IAS evaluates the effectiveness of interacting systems, identifies potential risks and suggests ways to improve, making proposals for enhancing the efficiency of audited processes. The results of the audit with identified weaknesses and recommendations from the IAS may be submitted to the Board of Directors or the Board of Directors' Committee for consideration. The recommendations are a step-by-step action plan with specific timelines and a list of responsible persons. The Board of Directors/Board of Directors' Committee reviews the IAS report and approves the recommendations for implementation. The IAS also monitors the implementation of the recommendations by the Group's Management.

For each issue or optimization opportunity identified during an internal audit, a responsible person is assigned to track the process of improving the function after reviewing the IAS analysis. The scope of internal audits includes items that are checked on a regular basis, in particular monthly tests of potential data breaches, and the subsequent elimination of vulnerabilities in the Group's hardware and software.

The work of the IAS in 2022 began in accordance with the Plan agreed by the Board of Directors. The 2022 Audit Plan consisted of 12 topics, which were divided into 3 categories. The topics of the top priority included the motivation system, the railway division's business, logistics, and energy resource management. Later, the topic of energy resource management was deprioritized due to the shelling on Ukraine's energy infrastructure.

As a result, throughout the year, the IAS completed 6 audits (topics of the top priority in full) from the Audit Plan and completed additional tasks at the request of the Board of Directors. The audits covered areas of activity such as HR (personnel motivation system, automation), logistics, complaint activities and the business segment of the Railway Division. Among the identified weaknesses, the key ones were:

the need to improve the ability to track products online at different stages of transportation to the customer

the need to speed up communication within the Group and feedback from clients

the need to change the approach to cost planning in the context of exploring new logistics routes

updating and standardizing regulatory documents and reports

establishing a correlation between complaints and product quality control

the need to review the organizational structure of some divisions of the Group

To address the identified deficiencies, the resources of the planning departments and IT developers were mobilized, the frequency of internal communications between services was changed, plans for updating regulatory documents were agreed upon, and a plan for updating the system for calculating planned logistics costs was established.

APPROACH TO GROUP TAXATION

The Interpipe Group is a bona fide taxpayer and pays close attention to tax management issues. We are aware of our responsibility to conduct our business transparently, and therefore diligently fulfill our obligations to verify the accurate calculation and timely payment of taxes and other mandatory payments as required by law. That is why, during 2022, the Interpipe Group had no negative impacts or consequences related to tax management.

The Group provides all documentation in electronic form and discloses tax information in consolidated financial statements in accordance with the requirements of International Financial Reporting Standards (IFRS), Cyprus Companies Law (Cap.113), the law of Ukraine "On Accounting and Financial Reporting in Ukraine", as well as other laws and regulations of the countries where the Interpipe Group conducts its business activities. External verification of tax information in the Group's consolidated financial statements is carried out annually by an independent auditing firm. The Chief Financial Officer of the Interpipe Group is responsible for managing tax-related issues.

Tax returns and reports are signed by the Chief Accountant and Director of the respective company within the Group. Additionally, the Interpipe Group has a tax planning department that performs the following functions:

- Providing tax consulting by monitoring and analyzing current changes in tax and currency legislation, as well as timely informing the relevant divisions of the Group about existing changes;
- Preparing conclusions on tax issues at the request of stakeholders and holding meetings on current issues related to tax calculation and payment;
- Participating in the preparation of objections and complaints in the framework of administrative or judicial appeals against the results of verifications, as well as working with external consultants, such as auditing firms, etc.;
- Interacting with regulatory authorities by preparing responses to their inquiries and written requests on problematic tax-related issues;
- Financial planning of its Ukrainian enterprises in terms of Income Tax and Value Added Tax calculation and payment;
- Supporting the preparation of reports and transfer pricing documentation by its Ukrainian enterprises.

Since the Interpipe Group consists of enterprises located in different countries and, accordingly, operating in accordance with local tax legislation, we diligently and closely monitor changes and peculiarities of the tax conditions in each of the countries where Interpipe operates. Assessment of the level of compliance of the Group's activities in terms of tax management and control is regularly carried out by the State Tax service of Ukraine, the Pension Fund of Ukraine, State Tax Inspectorates and other tax regulatory authorities, including the equivalent bodies in other countries.

Minimizing tax risks that could significantly impact the financial results of the Interpipe Group is an integral part of our operational activities. If significant tax risks are identified, we cooperate and consult with external tax consultants in order to devise the best course of action for the entire Group, considering local tax legislation.

The Interpipe Group has created an effective approach that allows ensuring compliance with the relevant laws and regulations, as well as preventing cases of potential violations and tax risks. Among the key measures of this approach are:

1. The Tax Planning Department constantly monitors and evaluates changes in tax and currency legislation.
2. If changes are identified in regulatory legal acts, the Tax Planning Department informs the relevant divisions of the Group in a timely manner.
3. If necessary, consultations are held with external tax consultants and auditing firms.
4. In some cases, requests are sent to the State Tax Service of Ukraine and other regulatory authorities for clarification on problematic issues.

We strive to maintain long-term relationships with our customers, suppliers, and all stakeholders. If there are any questions or concerns regarding taxation, representatives of any stakeholder can send a written request to the management of Interpipe Ukraine LLC or other legal entities of the Interpipe Group. To promote openness and transparency, the Interpipe Group may initiate consideration of the opinions of stakeholders on tax-related issues, as well as take part in such discussions if it is a stakeholder itself. The Tax Planning Department prepares conclusions on tax-related issues at the request of the stakeholders.

A photograph of a tall industrial smokestack at night, illuminated by lights. The smokestack is part of a larger industrial facility. A large yellow and grey geometric shape is overlaid on the right side of the image. The text "THE GROUP'S APPROACH TO SUSTAINABLE DEVELOPMENT" is written in white, bold, uppercase letters across the center of the image.

THE GROUP'S APPROACH TO SUSTAINABLE DEVELOPMENT

ETHICAL BEHAVIOR AND COMPLIANCE OF THE GROUP

ETHICAL BEHAVIOR IN THE WORKPLACE

Responsible and ethical business conduct is a key value of the Interpipe Group. The group conducts its business decently and does not tolerate any form of corruption, bribery, anti-competitive actions, discrimination or similar behavior.

Our principles and values regarding ethical and responsible business conduct are binding on both management and all employees. They apply to all production assets of the Group and are recorded in the following documents:

CODE OF ETHICS
(APPROVED IN 2021)

CHARTER OF RESPONSIBLE PROCUREMENT
(APPROVED IN 2021)

CHARTER OF EQUALITY, DIVERSITY AND ENGAGEMENT
(APPROVED IN 2021)

ANTI-CORRUPTION POLICY
(APPROVED IN 2013, UPDATED IN 2021)

PERSONAL DATA PROTECTION POLICY
(APPROVED IN 2019)

Within the framework of the adopted policies, we build relationships with customers and suppliers based on the principles of honesty and trust, ensure fair and transparent selection of suppliers, and commit to be responsible for the state of the environment. We respect human rights and ensure the health, safety and well-being of our employees, whilst preventing discrimination, threats and violence.

We also do not allow the use of any form of child, forced, bound or illegal labor. We prioritize fair treatment in the workplace and ensure freedom of expression, association and representation for employees. All policies are approved by the Group's Board of Directors and, if necessary, by the Board or Supervisory Boards of individual legal entities.

The Interpipe Group complies with the current legislation in all jurisdictions of its presence, including in relations with all partners, suppliers and employees. In addition, Interpipe adheres to the values of the 1948 UN Universal Declaration of Human Rights and the International Labour Organization (ILO) Convention.

We respect the privacy of our partners, customers, employees and all stakeholders. Our Personal Data Protection Policy is developed in accordance with the General Data Protection Regulation (GDPR) and other privacy regulations.

The Group publishes information about its commitments on the official website at the link https://interpipe.biz/esg/governance_and_ethics/code_of_ethics and communicates them to the stakeholders in the course of its work. The Board of Directors, managers of individual legal entities of the Group, HR Director, Head of the Economic Security Service and Compliance Director are responsible for the implementation and compliance of employees with the corporate norms of ethical behavior.

The Interpipe Group makes every effort to mitigate the negative consequences of its actions. We conduct an assessment and do everything possible to prevent and minimize actual negative impacts on the economic and public spheres, and on the environment. In particular, the issue of responsible business conduct is constantly discussed at senior management meetings, which address topics related to:

- production planning considering its environmental impact;;
- investments and their possible impact on the Group's operations;
- interaction with local communities;
- interaction with regulatory authorities;
- responding to current issues that may relate to responsible business conduct.

We adhere to the principle of preventive actions and encourage our suppliers and partners to follow suit. In addition, we encourage employees to learn our internal codes and policies. In particular, employees undergo mandatory online training sessions and webinars. Every 2 years (or more frequently, if necessary), we evaluate the results and quality of conducted training through employee surveys and tests.

The process of correcting negative consequences includes: informing the Group's management, reviewing the information received and making the necessary decisions. In 2022, the principle of preventive actions was applied by the Group's Board when planning operational activities. Input data were discussed and decisions were made regarding:

- providing accommodation and creating conditions for families of workers from regions affected by military operations;
- promoting employee safety by providing and equipping mobile shelters;
- providing assistance to families of workers affected by the war;
- compensation payments to the families of workers who were injured or killed during military operations.

In addition, our suppliers adhere to the principle of caution, which is set out in our Code of Ethics. This principle obliges suppliers to implement an environmental management system for rapid detection, identification and assessment of environmental risks, including through the introduction of control systems with constant and high-quality monitoring.

The Interpipe Group has also implemented a whistleblower hotline for anonymous requests. The process of handling such requests consists of the following steps:

- Receiving a request by email, phone, or feedback form on the official website: https://interpipe.biz/esg/governance_and_ethics/Equality_Charter;
- Processing of information by the responsible person as soon as possible;
- Initiating an investigation (if necessary);
- Making the necessary decisions and taking measures against violators in case of proof of their guilt;
- Monitoring the effectiveness of the complaint's mechanism through internal analysis and discussion at committees and Board meetings.

Investigations are conducted in compliance with the requirements of current privacy laws. Any information provided in the course of such investigations is passed on to the responsible persons. No employee or any stockholder who has reported a violation should be treated unfairly.

In order to express complaints, concerns or advice on the implementation of policies and practices in the field of ethical and responsible business conduct, the stakeholder may:

- contact the Compliance Director by email or phone;
- call the hotline.

Depending on the complexity of the issue, it can be referred to the Compliance Director or the Economic Security Service for consideration. Based on a survey of the stakeholders and/or an internal investigation, the responsible person processes the issues and responds to requests.



GROUP'S ACTIVITIES ON ANTI-CORRUPTION

Fight against bribery, abuse of office, embezzlement and preventing corruption is an integral part of the Group's activities. In 2021, the Economic Security Service (ESS) developed an Anti-Corruption Policy to ensure transparent cooperation across all of the Group's production assets. Also, certain provisions on combating corruption are set out in the Code of Ethics and the Charter of Responsible Procurement.

The Interpipe Group takes measures to avoid, prevent and investigate corruption cases such as:

- bribery;
- abuse of office;
- theft;
- illegal enrichment;
- conflict of interest;
- questionable transactions (including financial ones);
- financing of political parties, organizations and movements.

The Interpipe Group monitors compliance by all employees with the current legislation when interacting with government agencies at all levels. Employees and their next of kin are prohibited from accepting from counterparties any type of compensation, loans (with the exception of loans from financial institutions provided on standard terms), gifts or any other services characterized as bribery. All cases of unlawful actions are thoroughly investigated, and if necessary, criminal proceedings are initiated. In 2022, the Group identified 7 cases of corruption or abuse of office and 2 thefts.

Interpipe protects the interests of employees who have faithfully reported known facts of embezzlement, fraud, bribery, commercial bribery, conflicts of interest and other offenses, as well as employees who have refused to participate in such violations. No disciplinary measures are applied to such employees.

**TABLE 6. CONFIRMED CASES OF CORRUPTION
AND MEASURES TAKEN IN 2022**

INDICATOR	QUANTITY
Number of cases where employees were fired (number of fired persons)	4 (6 dismissed persons)
Number of employees held accountable:	44
- disciplinary or administrative	39
- criminal	5
Number of contracts with business partners that have been terminated or not renewed, including:	10
- publicly confirmed facts	3
- internal information	7
Criminal proceedings have been initiated	5
Initiated disciplinary or administrative proceedings	44

We prevent, detect and combat corrupt practices or inactions so that they do not harm the conduct of our business. The group regularly evaluates the effectiveness of the anti-corruption management system. The Economic Security Service reports to the Board and, if necessary, to the Interpipe Board of Directors. We have also implemented a number of anti-corruption measures and controls, namely:

1. A set of measures to compensate for material damage caused by stealing, abuse, fraud, theft and other unlawful actions;
2. Assistance to the Group's divisions towards reducing costs (including purchases, sales, production, transportation, etc.);
3. Prevention of unlawful actions on the part of the Group's management and external persons or organizations;
4. Bringing to liability and forfeiting bonuses of employees or external persons who have committed unlawful actions against the Group;
5. Informing employees about possible consequences of violations of the anti-corruption legislation and the Group's policies;
6. Transfer of materials of the violation case to state bodies and control over the further conduct of such cases, cooperation with state bodies if necessary;
7. Filing lawsuits with the judicial authorities.

The Group assesses corruption risks by analyzing available data. Based on the results of the analysis, the Economic Security Service, the Controlling Department and the Compliance Director jointly decide on further actions and/or inform the Group's top management. In 2022, such an assessment was carried out for local and foreign suppliers and contractors, after which it was decided not to conclude or terminate some cooperation agreements.

Employees of the Interpipe Group can inform the Economic Security Service about suspicions or provide information received from other persons about possible violations related to the Group. Complaints can be filed either to the employee's direct supervisor or to the heads of the Economic Security Service at the industrial facilities, either in the central office or through the Economic Security Service hotline. No such complaints or suggestions were filed in 2022.

The main priority of the Group in this area is the absence of corruption cases at all enterprises of the Group. To achieve this, we implement the following measures:

- prevention of unlawful actions;
- conducting explanatory work and training of employees on preventing and combating corruption;
- measures to compensate for pecuniary damage;
- holding individuals accountable in case of committing corrupt or other unlawful actions.

SUPPORT OF FAIR COMPETITION

We are confident that the Group's sustainable success is only possible through diligent and fair competition. The Interpipe Group complies with fair and legal business practices and ensures the high quality of its products and services.

We uphold the principles of transparency in doing business through compliance with internal policies and legislative norms in the field of countering anti-competitive behavior. The Group complies with antitrust and fair competition laws in all jurisdictions where it operates.

The Interpipe Group does not participate in any illegal activities in the field of competitive activities, including illegal market partitioning, price fixing, or monopolization. The CEO, the Legal Support Service and the Economic Security Service (ESS) are responsible for ensuring fair competition conditions within the Group.

The group is responsible for developing and implementing effective policies for the prevention and detection of crimes and violations in the field of anti-competitive behavior. The Group's complaint and appeal mechanism also covers the issue of anti-competitive conduct. Employees and partners can report any violations of the current antitrust legislation via the hotline and email. The mechanism for filing complaints and appeals is described in detail in the section Ethical Behavior in the Workplace. No such complaints were received in 2022.

In 2020, the Antimonopoly Committee of Ukraine opened a case against Interpipe Ukraine LLC regarding anticompetitive coordinated actions concerning the distortion of the results of bidding for the purchase of Solid-Rolled Wheels. In 2022, by the decision of the Supreme Court of Ukraine, the decision of the Antimonopoly Committee of Ukraine was successfully appealed.

THE MECHANISM FOR
FILING COMPLAINTS
AND APPEALS IS
DESCRIBED IN DETAIL
IN THE SECTION

**ETHICAL BEHAVIOR
IN THE WORKPLACE**



SUPPLY CHAIN AND PROCUREMENT PRACTICES OF THE INTERPIPE GROUP OF COMPANIES

Responsible cooperation with suppliers based on the principles of transparency, honesty and fairness plays a key role in the procurement practice of the Interpipe Group. Taking into account the global challenges associated with social, environmental and economic issues, we strive to reduce the negative impact on the environment and society throughout the entire value chain of our products.

When managing issues related to procurement activities, we adhere to internal regulations, charters and policies that regulate procurement processes from the stage of contract conclusion and pricing to quality control and verification of compliance with declared standards. Moreover, in order to continuously improve our procurement practices, all internal documents are reviewed and updated annually.

Our commitments and expectations from suppliers are regulated in the Responsible Procurement Charter, which is freely available at https://interpipe.biz/esg/governance_and_ethics/Purchasing_Charter. All suppliers of the Group must comply with the rules set out in the Charter, respect the principles of the Universal Declaration of Human Rights, the fundamental ILO Conventions, the Rio Declaration on the Environment, the UN Convention Against Corruption and other international and national laws and regulations. In case of non-compliance with the principles of the Charter, Interpipe does its best to help suppliers improve their activities, but in case of gross violations, it reserves the right to refuse to cooperate.

The procurement management structure is based on the principle of centralization in accordance with the needs of the Group's production facilities, with a separate categorization of purchases for Marketing, Advertising, Information Technology and Human Resource Management departments. Purchases of the most valuable resources, such as scrap metal, natural gas, and electricity, are managed separately. A responsible person from the top or middle management is assigned to each area of procurement:

Steel scrap	Commercial Director of JSC "Interpipe Dneprovstremet"
Electricity	director of "Dneprosteel-Energo" LLC
Natural gas	CEO, CFO, Director of the Pipe Products Division of the Interpipe Group
Goods and services	Director of Procurement and Logistics Support at "Interpipe Ukraine" LLC
Procurement of Marketing and Advertising Department	Communications Director of "Interpipe Ukraine" LLC
Procurement of the Information Technology Department	Head of the Information Technology Department of "Interpipe Ukraine" LLC
Procurement of the Human Resource Management Department	HR Director of "Interpipe Ukraine" LLC

The group does not cooperate with suppliers that have a significant negative environmental or social impact, and therefore takes a responsible approach to their selection. The process of checking new suppliers is carried out through technical audits or accreditation on the Group's internal electronic platform. During the selection process, suppliers are required to provide all necessary information about the origin of goods (certificates of origin, quality certificates, etc.) and production conditions, which is of great importance when making purchasing decisions.

Electricity suppliers are determined based on participation in auctions held on the platform of the Ukrainian Energy Exchange. Bilateral agreements can also be concluded with private Ukrainian and foreign electricity traders without participating in auctions by mutual agreement. Since the Group is responsible for the origin of purchased electricity as part of its decarbonization efforts, suppliers in such cases are selected by Interpipe's management. Additional volumes of electricity, if necessary, are purchased on the XMtrade platform of the Market Operator on the day-ahead market and on the intra-day market.

When choosing steel scrap suppliers, risk assessments are carried out in terms of compliance with the current legislation of Ukraine in the field of steel scrap and the ability of fulfilling contractual obligations. The group's specialists additionally investigate the origin of steel scrap from dismantling objects. In addition, in 2022, suppliers were required to provide steel scrap not only by physical, but also by clearly defined chemical indicators in accordance with EU Directives and steel grades.

The decision to work with new suppliers is made considering pre-defined criteria: quality, reliability, innovation, price, as well as the environmental and social impact of the products and services offered. Also, we strictly follow the sanctions legislation and carefully monitor the origin of suppliers and their beneficiaries in order to prevent the conclusion

of contracts with counterparts from Russia. When choosing electricity suppliers, the source of generation is important, since the use of electricity obtained from renewable sources is a priority for the Interpipe Group. Thus, in 2022, 54 new suppliers of the Group were evaluated according to social and environmental criteria and, at the conclusion of contractual documents, confirmed their obligations to comply with the Interpipe Responsible Procurement Charter. The effectiveness of procurement practices is monitored on the basis of an approved system of key performance indicators (KPIs) for each product or service category, which is applied to both management and other employees.

The Interpipe Group constantly invests in strengthening relationships with suppliers based on mutual trust, coordination and transparency. Communication takes place through negotiations, face-to-face meetings, visits and assessments of suppliers' production sites, as well as discussion of issues at joint conferences. We also regularly communicate both within and outside the Group about our responsible procurement policies, in particular by distributing the responsible procurement Charter to all our suppliers.

Any counterparty has the right to submit a request, complaint or proposal to the Economic Security Service of "Interpipe Ukraine" LLC. After submission, the supplier must be provided with feedback and, if necessary, an investigation is conducted. Also, for questions about the purchase of scrap metal, there is a separate hotline for receiving messages and complaints from suppliers. Complaints and suggestions are handled in confidentiality and are reviewed jointly with the Chairman of the Board, Commercial Director and Production Director of JSC "Interpipe Dneprovstremet".

The main procurement challenges that the group faced in 2022 were related to Russia's full-scale invasion of Ukraine, in particular, supply volumes limitations and disruption of the usual logistics routes.

TABLE 7. KEY PROCUREMENT CHALLENGES FACING THE GROUP IN 2022

CHALLENGE TO THE GROUP	SOLUTIONS
Rising prices for goods and services →	Search for alternative sources of supply; implementation of measures to improve the operational efficiency of production
Disruption of local supply chains →	Replacing suppliers in war zones with other local or international suppliers
Disruption of standard logistics routes due to the blockade of the ports →	Development and implementation of new supply chains for raw materials and finished products
High price volatility in the electricity market →	Transition from buying in spot segments — day-ahead market and intra-day market, — to concluding bilateral contracts with fixing the price and/or its formation
Implementation of schedules for limiting electricity consumption due to missile strikes on power facilities →	Search for alternative solutions for providing production assets with electricity
Risk of steel scrap shortage →	Expansion and consolidation of the supply base with new counterparts
Risk of delivery of explosive objects and steel scrap of military origin to the territory of the Group's enterprises →	Strengthening input control and improving the safety of own processing processes

However, despite the challenges, the Interpipe Group continues to implement measures to prevent the creation of negative impacts throughout the supply chain: every year Interpipe conducts measures to reduce the use of energy resources, and provides training to improve the skills of employees dealing with procurement. In 2021, the first stage of the project to implement a production planning system at the group's industrial facilities using the IT-Enterprise system was implemented. The project is aimed at improving the efficiency of operational procurement activities by introducing automated digital business processes and detailing purchases. The second stage of the project was scheduled for 2022, but due to Russia's full-scale invasion, further implementation of the system was temporarily suspended.

In 2022, the Interpipe Group implemented several key procurement projects:

ELECTRONIC DOCUMENT MANAGEMENT WITH CARRIERS WAS INTRODUCED

PURCHASES OF MARITIME LOGISTICS SERVICES WERE TRANSFERRED TO AN ELECTRONIC TENDER PLATFORM

A PROJECT FOR READING QR CODES AT CARGO MONITORING TERMINALS WAS IMPLEMENTED

A PROGRAM FOR THE PURCHASE, SORTING AND SHIPMENT OF STEEL SCRAP BY CHEMICAL INDICATORS WAS LAUNCHED

We also strive to increase the level of understanding of the principles of sustainable development among the Group's suppliers, and therefore invite them to join our Sustainable Suppliers Club Program. In addition, the Group's employees have created a monthly newsletter where we report news about changes in environmental legislation and ESG best practices in Ukraine and around the world, as well as an annual award for suppliers who have implemented the best ESG projects. Our goal on the way to reducing the negative impact of procurement activities on the social and environmental spheres is to increase the number of suppliers who have officially committed to comply with the Interpipe Responsible Procurement Charter and completed the ESG questionnaire, up to 30% by 2025 (in terms of the number of signed contracts).

During 2022, the Interpipe Group cooperated with 1,967 suppliers, most of whom were residents of Ukraine. The Group promotes economic growth in the regions where it operates and supports local²⁶ suppliers of goods and services. In 2022, the percentage of the Group's total procurement budget that was spent on local suppliers was 84.96%. The main categories of goods purchased from local Ukrainian suppliers included ferroalloys, fuel, spare parts according to drawings, hardware, wooden containers, scrap metal, electricity, natural gas and others. Refractories, components, cutting tools, paint and varnish products were primarily purchased from foreign suppliers, whose main regions are Germany, Italy, China and France.

In total, the Interpipe Group made 29,100 purchases in 2022²⁷ with a total value of UAH 17,519.60 million²⁸. The most significant categories of goods were scrap metal, electricity and natural gas (46.98% of the cost of all purchases of the Group).

29,100

PURCHASES

UAH 17,5 mln

TOTAL VALUE OF PURCHASES

²⁶ The term "local" refers to suppliers who are residents of Ukraine.

²⁷ The number of purchases indicator is calculated as the number of contractual documents concluded by the Group's companies during the reporting year 2022.

²⁸ Excluding purchases for Marketing and Advertising, Information Technology, and Human Resource Management departments.

THE GROUP'S PERSONNEL AND HUMAN CAPITAL MANAGEMENT

THE GROUP'S PERSONNEL

APPROACH TO PERSONNEL MANAGEMENT

In human capital management, long-term investment in personnel is our priority. We realize the importance of creating a fair working environment, building trust and developing the potential of our employees. The Interpipe Group of Companies undertakes to protect labor rights, complies with the legal requirements for remuneration, and cares for the social welfare of its employees.

We are guided by a number of human resource management regulations and principles on human rights protection and respect, diversity, social assistance to employees, internal rules and personnel assessment. The responsibilities of the Group's Human Resources Department include development and implementation of the workers' evaluation, remuneration and incentive system, as well as selection, hiring, training and development of personnel, building up the corporate culture, and personnel records administration.

Our personnel management system is based on recognized international labor principles and best practices, which ensures increased personnel efficiency and improved quality of our internal HR services. The Group is subject to annual quality management system certification audits with a scope that covers the assessment of personnel management processes, including IRIS, Ecovadis, Bonitrans, DSTU ISO 9001 and others.

We have a transparent personnel selection and hiring procedure that meets the current regulatory requirements and is in line with the internal Equality, Diversity and Inclusion Charter. The information about available vacancies is published on the Group's official website and on external online platforms, and the candidates for middle and top management positions are selected in an open and competitive way. The requirements for the candidates are drawn based on the requirements for qualifications and education set out in the job descriptions

and work instructions, and the qualification reference books. Also, the Group has been implementing the personnel reserve program designed to compile a list of potential candidates for the middle and top management positions. This helps us to ensure consistency and continuity of management in case of temporary absence or dismissal of managers.

Feedback and internal communication are important components in building trust with our employees. Any employee can openly articulate his/her complaint or suggestion at work meetings or submit it confidentially via mail or hotline. Each such submission is processed with delivery of feedback and the adoption of an appropriate decision to further improve the processes. We also practice other types of communication: interaction with the trade union, meetings between the administration and the employees, informing employees via our corporate newspaper, corporate portal and chatbot.

We strive to strengthen the social dialogue between all the parties and comply with the Law of Ukraine "On Collective Agreements and Contracts"²⁹. The Collective Agreement of the Group determines the system, the scope and arrangements for labor remuneration, based on price growth, inflation rate, the achievement of established indicators, as well as working hours and time off, labor and social benefits. The Companies of the Group, upon the initiative of one of the parties to the negotiation process between the employer and employees, may conclude a Collective Agreement that applies to all employees of the company³⁰. During 2020-2022, the Collective Agreement applied to 91% of the Group's employees. In the reporting period, the meetings of the conference of the employees were held to review the implementation of the measures stipulated in the Collective Agreement, including labor safety measures.

²⁹ Law of Ukraine No. 3356-XII dated July 1, 1993 "On Collective Agreements and Contracts", <https://zakon.rada.gov.ua/laws/show/3356-12#Text>

³⁰ As of the end of 2022, Collective Agreements were concluded for PJSC "Interpipe Nizhnedneprovsky Tube Rolling Plant", JSC "Interpipe Novomoskovsk Pipe-Production Plant", "Interpipe Niko Tube" LLC, "MP "Dneprosteel" LLC, Society "Dishware Novomoskovsk" Ltd, JSC "Interpipe Dneprovstremet".

According to Art. 10. of the Law of Ukraine "On Collective Agreements and Contracts", any of the parties shall notify the other parties in writing about the start of negotiations not earlier than three months before the expiration of the collective agreement, or within the terms determined by these documents. The other party shall start negotiations within seven days. The procedure for conducting negotiations on the development, conclusion or amendments to the collective agreement is determined by the parties and formalized by the relevant protocol. If a legal entity has no collective agreement, labor and social relations shall be regulated in accordance with the Rules of Internal Labor Procedures, Regulations on General Conditions of Remuneration and Bonuses and other internal regulations of the Group.

In 2022, the main HR-related challenges and issues for the Interpipe Group included workforce migration and organization of production processes at the Niko Tube industrial site in the city of Nikopol that is under constant threat of artillery fire as a result of Russia's full-scale invasion. We have also provided our additional support to the employees affected by artillery shelling, organized the evacuation of employees' children, and introduced a remote work mode. We will continue supporting the Group's employees in the future.

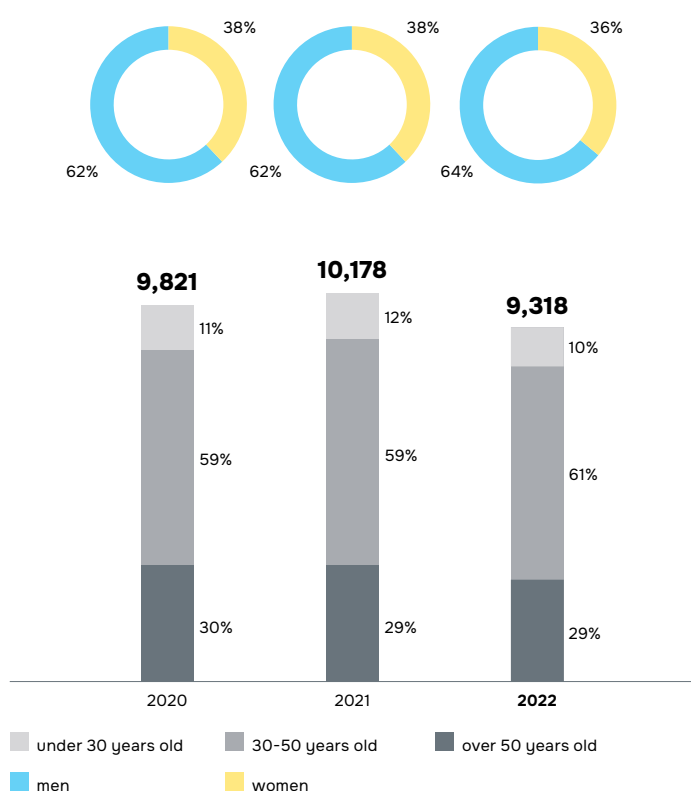
THE NUMBER OF STAFF

As of the end of 2022, the total number of employees in the Interpipe Group decreased by 8.5% compared to the end of 2021, and amounted to 9,318 persons. Most of the Group's employees work at the companies based in the city

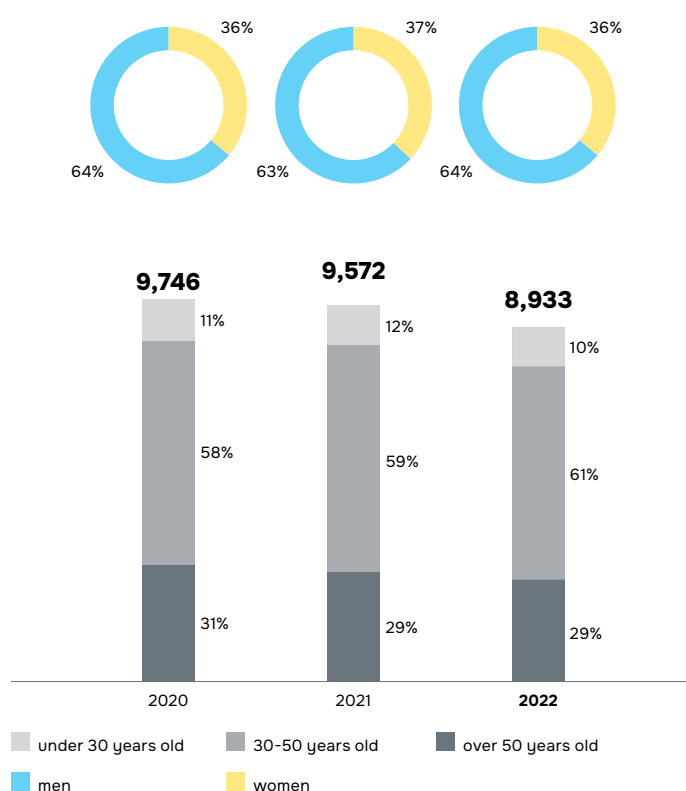
of Dnipro – 5,156 persons – and 760 persons at the head office. In terms of gender structure, the percentage of men as of the end of 2022 was 63.5% of the total workforce.

FIGURE 51.
NUMBER OF EMPLOYEES BY AGE AND GENDER, %

AS OF THE END OF THE YEAR:



AVERAGE NUMBER OF EMPLOYEES DURING THE YEAR:

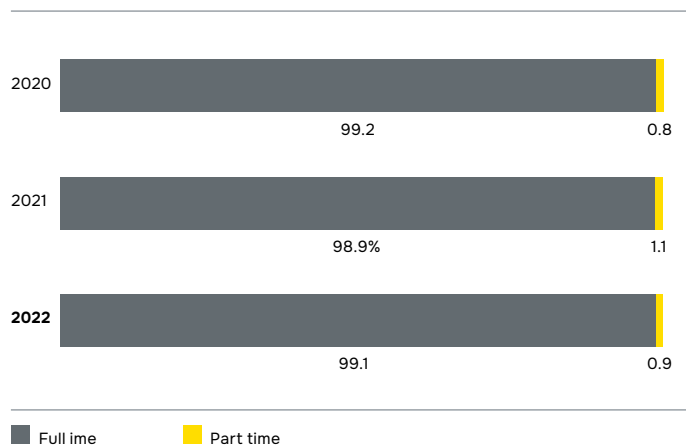


As of the end of 2022, more than 97.1% of the staff were employed under a permanent employment contract, which is 0.3% less than in the previous year. About 99% of the Group's employees work full-time.

FIGURE 52.
NUMBER OF EMPLOYEES BY TYPE OF EMPLOYMENT CONTRACT AS OF THE END OF THE YEAR, %



FIGURE 53.
NUMBER OF EMPLOYEES BY TYPE OF EMPLOYMENT AS OF THE END OF THE YEAR, %



The number of employees hired in 2022 is almost three times less than in 2021: 821 persons compared to 2,346 persons in the previous year. In 2022, 1,597 persons were dismissed, which is 14.6% less than in 2021 (1,860 persons). On the other hand, staff turnover did not exceed the rate for the previous period and amounted to 17.9%, which is 8% less than in 2021.

FIGURE 54.
NUMBER OF EMPLOYEES HIRED AND FIRED

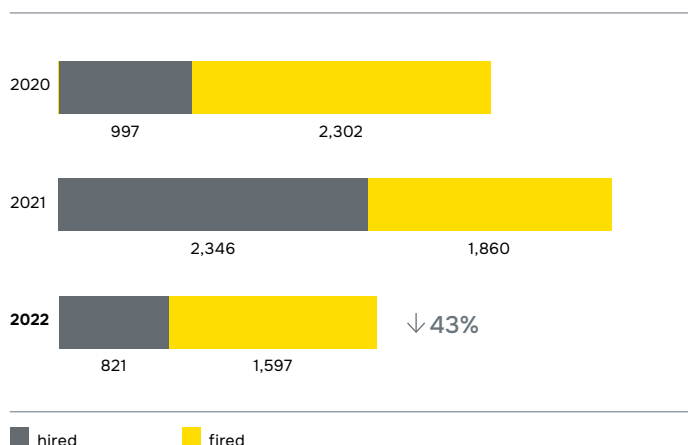
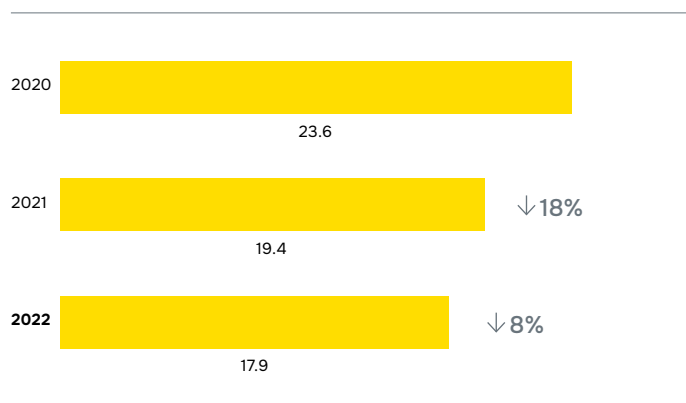


FIGURE 55. PERSONNEL TURNOVER RATE (TOTAL FOR THE INTERPIPE GROUP), 2020-2022, %



EMPLOYEE SUPPORT AND SOCIAL ASSISTANCE

The Interpipe Group of Companies seeks to provide a competitive remuneration to its employees through a combination of salary, bonuses and other monetary incentives. The Company has a bonus system in place based on KPI achievement. The period and percentage of the bonus is determined depending on the position and responsibilities of the employee.

Various perks and services provided by the Group are an important part of the employees' non-financial motivation system. They include:

- additional vacation days,
- flexible work schedule,
- regular professional development and education at universities,
- employee career progression plans,
- corporate vehicles,
- discounts on food in the canteen,
- work clothes washing service,
- assistance to the families of the employees, including the evacuation of children from Nikopol to recreation centers at the expense of the Group.

Before Russia's full-scale invasion of Ukraine, the Group also organized corporate events, sports championships, intellectual games, contests and holidays for its employees' children. One of Interpipe's priorities is ensuring the social welfare of the Ukrainian people, including support for its employees and their families. The Interpipe Group of Companies is a responsible employer, and even during the forced shutdown of industrial enterprises, regularly paid salaries to its employees.

PARENTAL LEAVE

During 2022, 538 employees took parental leave, which is 11% less than in the previous year. Of these, 332 women and 93 men returned to work and continued working during the

In 2022, instead of holding an annual children's creativity contest, we launched a campaign to collect and send children's drawings to the employees of the Group mobilized into the Ukrainian Armed Forces. Among the authors of the drawings were raffled off 50 sets of patriotic gifts. In addition, we held online quizzes for the employees in our corporate media to celebrate the anniversary of the founding of some of the Group's companies, as well as some national holidays, in particular Ukraine's Independence Day.

Interpipe takes care of its employees and prioritizes their welfare. The employees have their vacation in accordance with the law, they get health vouchers for themselves and their children, food subsidies, pensions, assistance to incapacitated employees and employees with disabilities. Each of the Group's employees, regardless of their type of employment and type of employment contract, can take advantage of such benefits. The Group also provides employees with medical services, health insurance and life insurance. In 2022, 58% of workers were covered with health insurance. We provide our employees with the right to parental leave for both men and women on equal terms, in accordance with the current legislation.

By decision of the CEO or the Board, the Interpipe Group of Companies also provides material assistance to its employees in the event of:

- illnesses of employees and their family members,
- death of a mobilized worker or a mobilized member of the worker's family who defended Ukraine as part of the Ukrainian Armed Forces,
- death of an employee or veteran of the Company,
- destroyed employee's housing due to shelling.

next 12 months. In the reporting year, 98% of the employees who were supposed to return to work after the end of parental leave, returned to work, and 85 of the employees remained at work 12 months after returning from parental leave.

TABLE 8. NUMBER OF EMPLOYEES WHO TOOK PARENTAL LEAVE AND RETURNED TO WORK IN 2020-2022, PERSONS

INDICATOR	WOMEN			MEN		
	2020	2021	2022	2020	2021	2022
The number of employees who had the right to parental leave in the reporting year	1,813	1,902	1,684	418	424	406
The number of employees who took parental leave in the reporting year	475	495	438	107	110	100
The number of employees who were supposed to return to work after the end of parental leave	398	407	365	107	110	100
Including the employees who actually returned to work after the end of parental leave	389	395	351	97	110	98
Including the employees who continued working for the Interpipe Group during the next 12 months	357	375	332	90	87	93
Return to work ratio ³¹	97.7%	97.2%	96.3%	90.7%	100.0%	98.0%
Employee retention rate ³²	97.3%	96.4%	84.2%	97.8%	89.7%	84.6%

³¹ The return to work ratio is calculated as the number of employees who actually returned to work after the end of parental leave divided by the number of employees who should have returned to work after the end of parental leave.

³² The employee retention rate is calculated as the ratio of the total number of employees who remained at work 12 months after returning from parental leave to the total number of employees who returned from parental leave in the previous reporting period.

INCLUSION AND DIVERSITY IN THE WORKPLACE

The Interpipe Group of Companies supports the creation of a safe working environment where respect for diverse experiences, views and beliefs prevails. We strive to be a role model and any discrimination, whether it is based on race, ethnicity, gender, age, religion, sexual orientation or identity, or any other, is strictly unacceptable.

Our personnel management policy is designed to at identify and develop individual skills and create an inclusive environment that promotes creative thinking and stimulates innovative solutions. The guiding principles for diversity and inclusion are set out in our Equality, Diversity and Inclusion Charter (available at https://interpipe.biz/esg/governance_and_ethics/Equality_Charter), including:

- 1. Educate and train.** We provide regular training for managers and other employees to raise their awareness of diversity, non-discrimination and human rights, including when making hiring and staffing decisions. After the training, the trainees are tested using the Moco software – the HR automation and talent management system. By the end of 2022, 85% of managers, specialists and employees of the Interpipe Group of Companies had successfully passed the test.
- 2. Foster respect and deter discrimination** in all its forms and at all stages of personnel management, including recruitment, training and career advancement.
- 3. Hire and promote without prejudice.** We strive to ensure a fair representation of diversity among our employees at all levels of the Group's structure, and therefore when hiring and promoting we are guided exclusively by the professional qualities of candidates.
- 4. Communicate the principles** of diversity and inclusion to all employees of the Group, as well as to our customers, partners and suppliers, so that they also respect and adhere to these principles in cooperation with the companies of the Group.
- 5. Establish social dialogue.** We develop and implement diversity policies to build trusting relationships with employees and the persons representing their interests.
- 6. Evaluate and promote our actions.** We regularly assess progress by reporting on the Group's achievements and results in delivering on our commitments.

Responsibility for ensuring diversity and equal opportunities, combating discrimination and observing human rights is assigned to the Human Resources Director, the Director of Environment and Industrial Safety, the Director of Communications and the Director of Legal Affairs of "Interpipe Ukraine" LLC. Also, each employee and counterparty of the Group is personally responsible for compliance with the norms and rules regarding non-discrimination and respect for human rights in the workplace.

The Interpipe Group promotes positive attitude towards diversity in the workplace and expands opportunities for employment of socially vulnerable categories of the population. Guided by the Law of Ukraine "On the Basics of Social Protection of Persons with Disabilities in Ukraine", the companies of the Group ensure that the number of employed persons with disabilities at each Group enterprise is no less than 4% of the average registered number of employees. As of the end of 2022, the companies of the Group employed 338 people with disabilities. The employment conditions are negotiated on an individual basis to ensure that the work schedule and the nature of duties meet the needs of employees with disabilities.

We also support cultural diversity. All our internal and external stakeholders are residents of different countries with different cultures, backgrounds and religions, and our approaches to communication with them are based on maintaining ethical business relations.

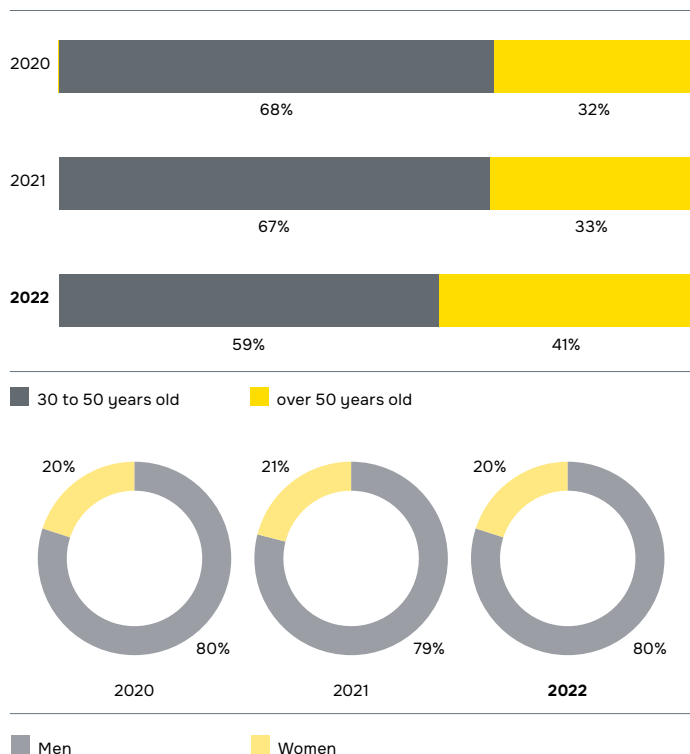
Interpipe provides equal opportunities for all its employees. The internal regulations and policies of the Group regarding wages, incentives and other forms of remuneration are built on principles of fairness and equality. All employees, regardless of gender, race, ethnicity, worldview or any other characteristics, have equal access to training and professional development programs, to participation in personnel appointment procedures, etc.

The financial remuneration is formed in a transparent way in accordance with the current law of the country where the Group's company operates, taking into account the ILO Conventions and the UN Sustainable Development Goals. We do not tolerate any form of discrimination, including wage discrimination. In 2022, the ratio of women's average basic salary and additional remuneration to men's average basic salary and additional remuneration was 100%, indicating equal pay regardless of gender. In addition, the ratio of the Group's standard starting salary to the minimum salary established by Ukrainian law is similar for both men and women.

THE INTERPIPE GROUP OF COMPANIES' EMPLOYEE STRUCTURE

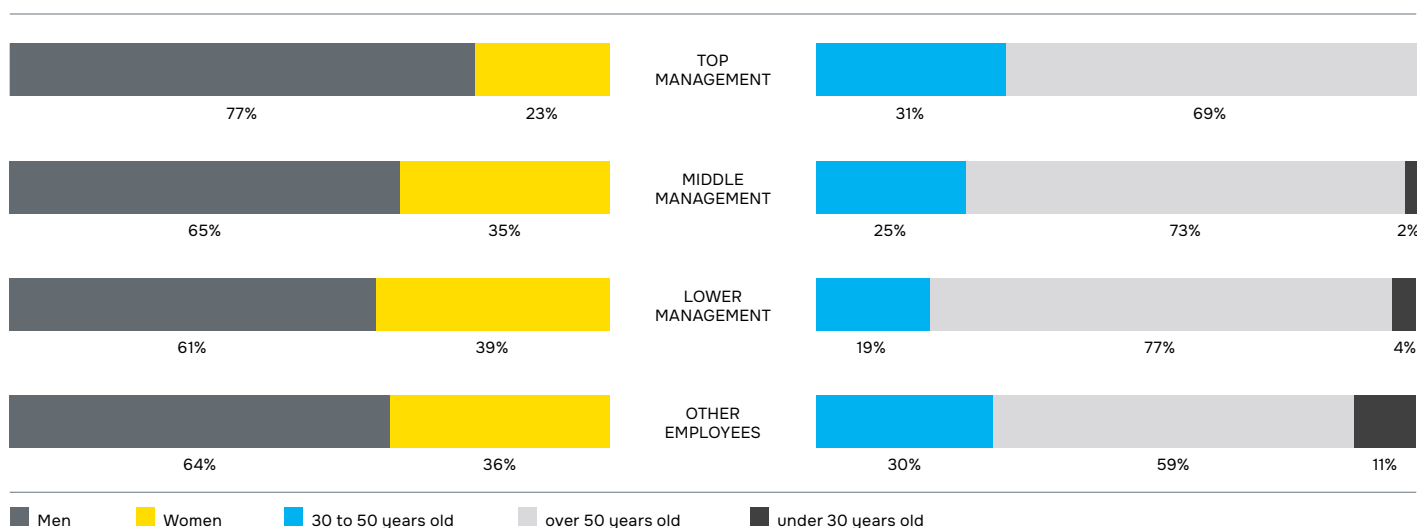
The corporate governance bodies of individual companies of the Interpipe Group of Companies³³ include the Boards and Supervisory Boards of each company of the Group. As of the end of 2022, their members were mostly men (80%) and mostly aged 30 to 50 (59%).

FIGURE 56.
CORPORATE GOVERNANCE BODIES STRUCTURE BY AGE AND GENDER AS OF THE END OF THE YEAR



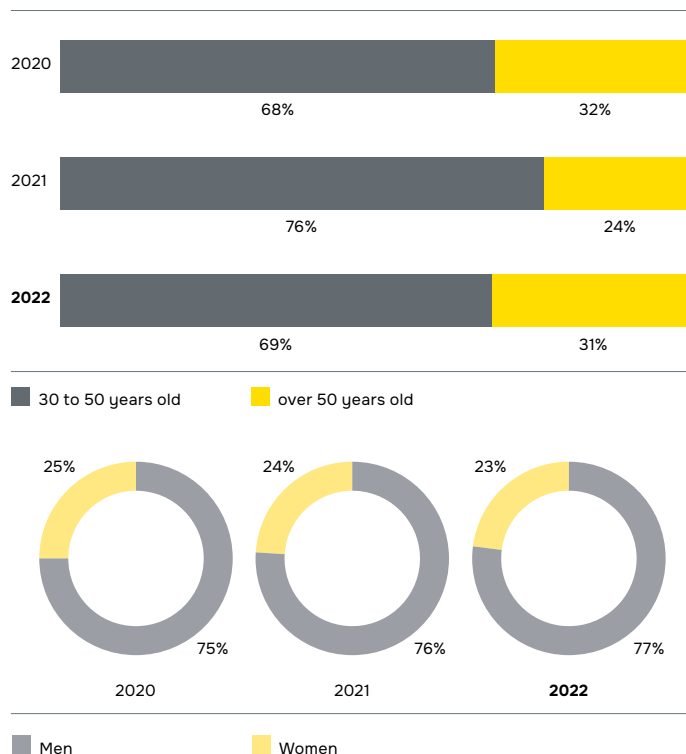
The middle management includes the heads of divisions and departments, whilst lower management includes foremen and heads of sections. About 91% of the total number of employees were other employees (workers, specialists, etc.) as of the end of 2022.

FIGURE 58.
THE INTERPIPE GROUP OF COMPANIES EMPLOYEE STRUCTURE BY CATEGORIES, GENDER AND AGE AS OF THE END OF 2022



In terms of the categories of employees, the top management level includes the directors of the Group's companies and their direct subordinates. As of the end of 2022, 70 people were categorized as top managers of the Group, 23% of whom were women. Most of the top managers are Ukrainian citizens (97% as of the end of 2022).

FIGURE 57.
THE INTERPIPE GROUP'S TOP MANAGEMENT STRUCTURE BY GENDER AND AGE AS OF THE END OF THE YEAR



In terms of age structure, the share of people aged 30 to 50 prevails in the Interpipe Group of Companies. Most of the Group's employees are men.

³³ The data includes the members of the Boards and Supervisory Boards of PJSC "Interpipe Nizhnedneprovsky Tube Rolling Plant", JSC "Interpipe Novomoskovsk Pipe-Production Plant", "Interpipe Niko Tube" LLC, "MP "Dneprosteel" LLC, Society "Dishware Novomoskovsk" Ltd and JSC "Interpipe Dneprovortmet".

ANTI-DISCRIMINATION AND RESPECT OF HUMAN RIGHTS

The Interpipe Group of Companies supports global diversity and human rights related initiatives, including principles 1, 2 and 6 of the UN Global Compact and Sustainable Development Goal #5 on achieving gender equality. We make every effort to protect internationally proclaimed human rights. All our employees and contractors adhere to the fundamental principles and rights set forth in the Universal Declaration of Human Rights, as well as to working conditions regulated by the Conventions of the International Labor Organization (ILO) across the entire value chain of our products.



PRINCIPLE 1.

Businesses should support and respect the protection of internationally proclaimed human rights; and

PRINCIPLE 2.

Businesses should make sure that they are not complicit in human rights abuses.

PRINCIPLE 6.

Businesses should promote the elimination of discrimination in respect of employment and occupation.



SUSTAINABLE DEVELOPMENT GOAL #5.

Achieve gender equality and empower all women and girls.

The Interpipe Group of Companies recognizes the inherent and legally protected right of employees to form trade unions, join them and conclude collective agreements to protect their common interests. Sectoral agreements and collective agreements apply to all employees of the Group companies, regardless of their trade union affiliation. The results of the fulfillment of the terms of the Collective Agreement are assessed annually. In 2022, in cooperation with trade unions, measures were implemented to assist employees affected by Russia's shelling of Ukrainian cities, families of dead employees who defended Ukraine as part of the Ukrainian Armed Forces from Russia's attack on Ukraine, as well as former retired employees.

We oppose discrimination in all areas of our activities throughout the value chain and in society at large. The Group respects and guarantees the rights of employees to membership in associations, collective bargaining and free communication with management based on the principle of social dialogue. Every employee has the right to appeal to the management in case of non-compliance with the principles set forth in our Code of Ethics (available at https://interpipe.biz/esg/governance_and_ethics/code_of_ethics). The Code, which applies to all employees and suppliers of the Group, strictly prohibits any verbal threats, physical and sexual violence or any other form of harassment. Also, we do not allow the use of forced and child labor, which applies not only to the companies of the Group, but also to all of our suppliers and contractors. As of 2022, no such cases have been identified.

In order to manage risks and adverse impacts in the field of inclusion and diversity in the workplace, the Group has developed and implemented a complaint and suggestion mechanism – a confidential hotline, communication through which prevents any manifestations of discrimination (for more details, see the link). The reports are submitted anonymously, then the complaints are addressed, the processes are improved, and the issues are resolved justly. In case of violations or inappropriate behavior, an investigation is conducted and appropriate decisions are made and measures are taken against the violators, if their guilt is proven. In 2022, no cases of discrimination were identified.

HOTLINE MOBILE PHONE:

+380 67 622 56 10

HOTLINE E-MAIL:

compliance@m.interpipe.biz

FEEDBACK FORM:

https://interpipe.biz/esg/governance_and_ethics/trust_line

WORKPLACE LEARNING AND OTHER OPPORTUNITIES

Innovative approaches cannot be implemented and high quality products cannot be produced without continuous personnel learning and professional development. That is why the training of our employees is one of the prerequisites for the success of the Interpipe Group of Companies. Training contributes to the personal and career development of our employees, as well as the ability to foster communication channels between divisions and companies of the Group.

APPROACH TO MANAGING WORKPLACE TRAINING AND DEVELOPMENT OPPORTUNITIES

The processes of managing the workplace training and development opportunities in the Interpipe Group are centralized. This function is entrusted to the personnel selection and development department. The activities in this area are carried out in accordance with the Regulations on personnel training and development. The companies of the Group also have the Regulations on incentives for personnel pursuing training courses and Regulations on cooperation with educational institutions in place.

We apply best practices to accounting and information management in the field of training and employee opportunities. The Group uses the Professional Development IT module, which creates electronic personal training cards, submits applications, forms training contracts, etc. In addition, the Group has also implemented MOCO – the HR processes automation and talent management software. The software allows remote training of personnel using our training courses, testing of employees' knowledge and the generation of test result reports. The information about the training is entered into the personal files of employees. In 2023, the functionality of the software will be expanded to include the assessment of candidates for the Ranks of Succession project that is implemented using the MOCO software product.

The Interpipe Group also consistently arranges vocational training of its employees on an ongoing basis. In 2022, 2,670 employees of the Group, or 82% of the planned number, completed vocational training. Due to the circumstances caused by Russia's full-scale invasion of Ukraine in 2022, many employees of the Group were forced to relocate to safer cities in Ukraine or abroad. In a situation of a limited number of personnel, the improvement and expanding of the skills of the employees has become even more important. That is why almost half of the workers who underwent vocational training in 2022 are those who completed retraining courses and courses for obtaining a second profession (1,322 workers, or 49.5% of the total number of persons after vocational training).

The Interpipe Group strictly adheres to both internal goals and the requirements of national and international standards, ensuring continuous vocational training and development of its employees. We use a systematic, competency profile based approach to training and development – each position in the

Ranks of Succession is the Interpipe Group project aimed at forming a talent pool to cover critically important positions.

The project includes the positions where the lack of qualified successors is critical for the functioning of the business, namely:

- The positions that directly impact the achievement of the Group's performance indicators, and without which those indicators are unlikely to be achieved.
- Where the Group is exposed to a significant financial risk if the position remains vacant.
- Unique positions with almost no supply on the labor market.
- The positions for which candidate search is extremely difficult and time-consuming.
- The positions where learning the necessary skills can take a long time.

Based on the assessment of the current knowledge and skills, an individual development plan is prepared for each project participant. After the plan is implemented, the participant can be considered ready for appointment to a position.

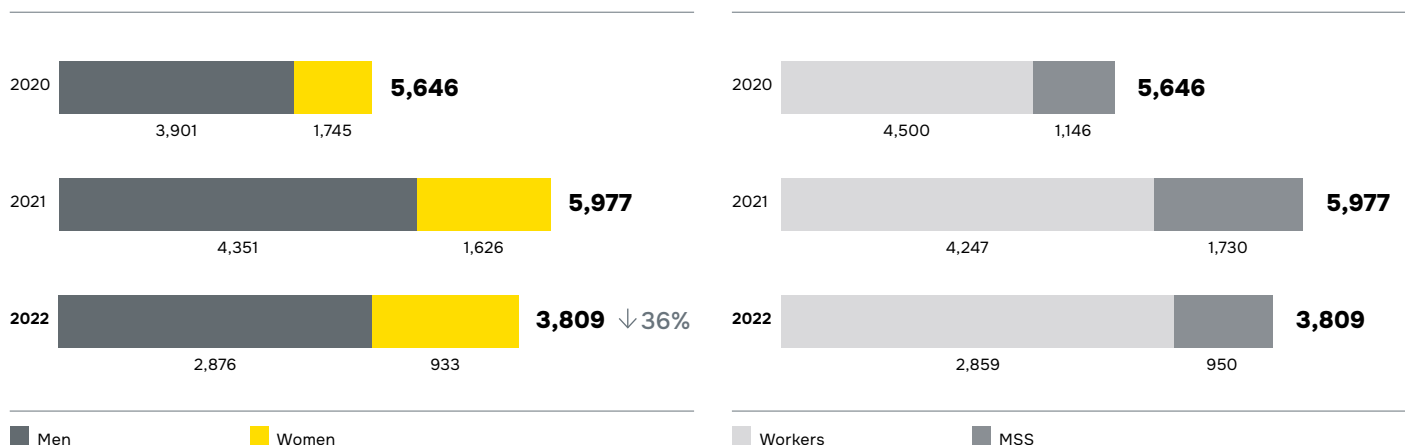
Group requires the employee to have the profile competencies specified in the job descriptions and work instructions. Every year, the Group develops a vocational training plan, which is approved by the relevant order. Every year, the Group allocates funding for personnel training and development programs and courses, both internal and external. For 2023, the Group has planned internal training for 2,974 employees and external training for 1,800 employees. These include internal training of 30 managers of production and technological units on quality management standards, the methodology for determining the key causes of non-compliance and developing mitigation activities. We also plan the external training of 5 internal auditors and technical experts on the requirements of the ISO 19011:2018 "Guidelines for auditing management systems".

Moreover, the Group has an internal procedure in place to assess the effectiveness of personnel training. The procedure assesses the participant's feedback and evaluates his/her knowledge after the training

THE NUMBER OF TRAINED EMPLOYEES

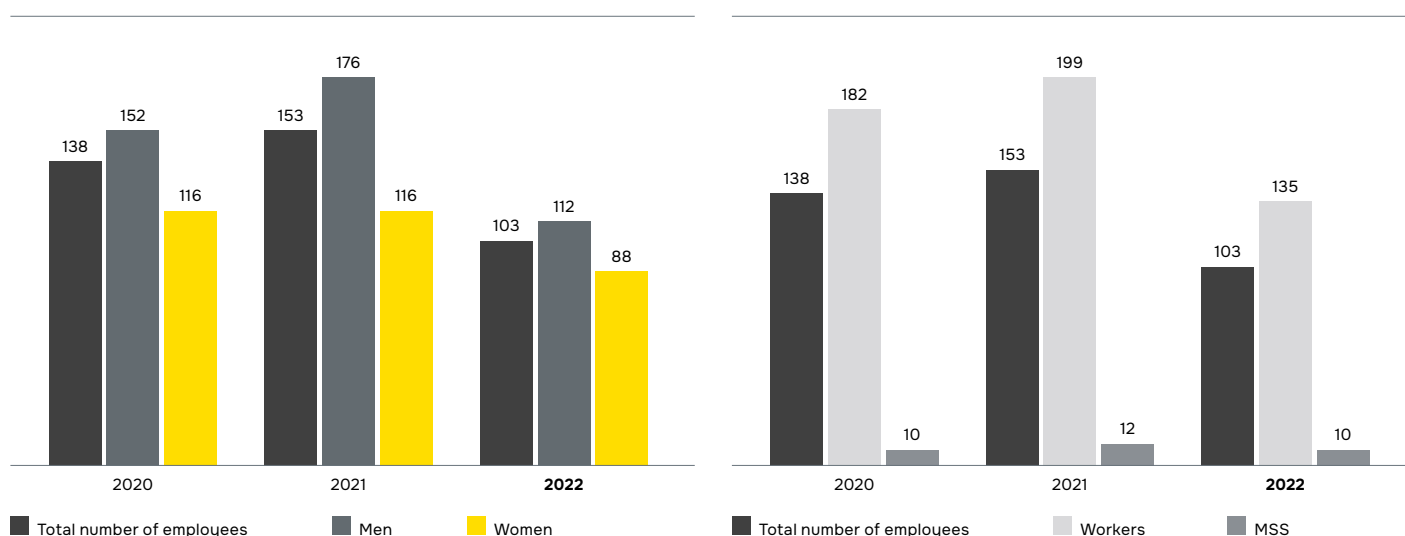
Despite the impacts of Russia's full-scale invasion, the Interpipe Group continued implementing its employee training commitments. During 2022, 3,809 employees of the Group underwent training, including 2,859 employees (75%) categorized as "workers" and 950 employees (25%) categorized as "managers, specialists, staff" (hereinafter – MSS). 76% of the trained employees were men, which is 3% less than in 2021. The total number of employees that were trained in 2022, decreased by 36% compared to the previous year.

FIGURE 59.
TOTAL NUMBER OF EMPLOYEES TRAINED IN 2020-2022, BY GENDER AND CATEGORIES³⁵



In 2022, the average number of training hours per employee was 103 hours, which is 33% less than in the previous year. The indicator is 135 hours for workers, and 10 hours for MSS. Men studied on average 112 hours in 2022, and women, 88 hours.

FIGURE 60.
AVERAGE NUMBER OF TRAINING HOURS PER EMPLOYEE OF THE GROUP IN 2020-2022³⁶



³⁵ The data includes information received from "Interpipe Management" LLC, PJSC "Interpipe Nizhnedneprovsky Tube Rolling Plant", "Interpipe Niko Tube" LLC, "MP "Dneprosteel" LLC, JSC "Interpipe Dneprovortormet", Interpipe JSC "Interpipe Novomoskovsk Pipe-Production Plant" and "Dishware Novomoskovsk" Ltd.

³⁶ The data includes information received from Interpipe Management LLC, Interpipe Nyzhnyodniprovsky Pipe Rolling Plant PJSC, Interpipe Niko Tube LLC, MP Dneprosteel LLC, Interpipe Dniprovortormet JSC, Interpipe Novomoskovsk Pipe-Production Plant JSC, Dishware Novomoskovsk Ltd.

KEY EDUCATIONAL AND TRAINING PROGRAMS HELD FOR EMPLOYEES OF THE GROUP IN 2022

The Interpipe Group of Companies offers its employees a wide range of opportunities to improve their professional skills through educational courses and training programs. Following each training program, each participant fills out a feedback questionnaire, where they assess the quality of the training and offer their suggestions and comments.

Accelerated plunge into a new position, corporate and social adaptation	Adaptation program
Formation of personnel reserve at the enterprise, personnel competence improvement	Personnel reserve and personnel competencies development programs
Для підприємства - вибір майбутніх робітників з числа студентів Career orientation for students, facilitating students in obtaining primary professional skills and work skills in real production environment. The companies may select best students as their future workers	Social partnership with basic educational institutions
Technical university degree	The employees can get university degree in absentia at the expense of the Company
Vocational and technical training for labor occupations (training, retraining and training in a related occupation; advanced training and confirmation of qualifications; targeted courses (new equipment systems, new control methods, etc.)	Vocational training
Improving the competences of specialists with no special pedagogical education who are involved as theoretical knowledge instructors. Also, advanced training internal vocational coaches	Advanced training courses for theoretical knowledge instructors and workplace coaches

COOPERATION WITH EDUCATIONAL INSTITUTIONS

We realize the value of attracting talented youth both for our own development and for the Ukrainian economy. The Interpipe Group promotes the education and training of a young generation of specialists by fostering cooperation with educational institutions in the regions where we operate. Guided by the internal Regulation on interaction with educational institutions, the companies of the Group host students from higher educational institutions and vocational schools for internships regularly. For example, in 2022, 31 students from higher educational institutions and 130 students from vocational schools were offered internships. The largest number of students were placed at the "Interpipe Niko Tube" LLC (95 students) followed by PJSC "Interpipe Nizhnedneprovsky Tube Rolling Plant" (34 students).

Additionally, the Interpipe Group of Companies supports the development of its employees' aspirations and provides them with the opportunity to embark on a professional career growth at the workplace through training and obtaining higher education paid for by the Group. At the stage of forming the lists of persons wishing to get university degrees sponsored by the Group, the candidates are interviewed and selected by the heads of the respective departments. In 2022, 27 employees of the Interpipe Group of Companies entered higher education institutions

THE INTERPIPE GROUP'S RISKS RELATED TO PERSONNEL QUALIFICATION AND TRAINING

We use a risk based approach and analyze Interpipe Group's risks in the field of personnel qualifications and training. For each of the identified risks, the Group develops the relevant mitigation measures.

TABLE 9. PERSONNEL QUALIFICATIONS AND TRAINING RELATED RISKS

RISK DESCRIPTION	RISK MITIGATION MEASURES
Hiring new personnel who do not meet the qualification requirements	The risk is mitigated due to a mandatory qualification verification before hiring the person. According to the "Regulations on Personnel Training, Development and Evaluation" the qualification shall be verified by reviewing qualification documents and the required training before the employee starts working
Admission to work of personnel without the required level of special training, including due to violation of the requirement for regular confirmation of qualification	The risk is mitigated due to the organization of timely vocational training and adherence to the training frequency requirements (including on occupational safety), annual verification of employees' qualifications in their main and secondary professions.
Lack of competent personnel in key positions	The risk is mitigated by implementing a personnel reserve program. The program determines the list of critically important positions and applies the Ranks of Succession methodology to appoint deputies to key positions to create a talent pool. The personnel reserve program also offers appropriate training. The risk is further mitigated due to the "Obtaining university degree sponsored by the Group" project. The project uses the Company's production assets to train the workers for the position of line managers-foremen, thus reducing the number of personnel without special education.

CAREER DEVELOPMENT AND EMPLOYEE PERFORMANCE EVALUATION

Promoting employee career development and evaluating their performance is an important tool used by the Company to support its management and foster further development. The evaluation is performed to:

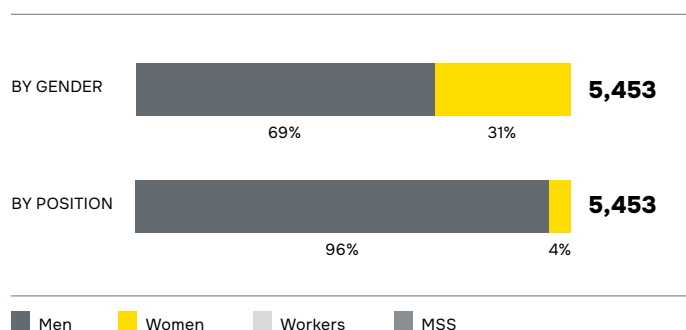
- Assess progress — annual assessment determines whether the employees are achieving their goals and objectives during the year. It also allows to assess the development and progress of each employee over a certain period.
- Set expectations — performance appraisal is the basis for setting clear expectations and goals for the coming year. It helps in determining the amount of work necessary to achieve the set goals, and to motivate the employees to achieve the goals.
- Distribute the rewards — such evaluation can be used as a basis for distribution of rewards and bonuses among the employees of the Group. It helps in determining the persons who deserve a reward for high performance and contribution to the development of the Group.
- Support career planning and development — performance appraisals enable the employees to identify their strengths and weaknesses. The employees may request recommendations for improving their work, career development and acquiring new skills.

For this purpose, every year the companies of the Group test their workers' professional knowledge and skills as well as occupational health and safety issues. The test meets the requirements of the State Labor Service of Ukraine. All test results are properly documented. Also, the Ranks of Succession project developed and implemented the pre-test for the potential participants of the project. The pre-test is conducted by the Evaluation Centers.

ASSESSMENT CENTER is one of the comprehensive employee evaluation methods that applies a number of complementary methodologies. The method is aimed at assessing the real qualities of employees, their psychological and professional characteristics, their level of compliance with the requirements of positions, and identifying their potential capabilities.

In 2022, the performance assessment and quality of work was conducted for 5,453 employees (or 67% of the total number of employees), including 5,243 employees categorized as workers and 210 employees — as MSS.

FIGURE 61.
NUMBER OF EMPLOYEES WHO PASSED REGULAR QUALITY OF WORK ASSESSMENT BY GENDER AND POSITION CATEGORY IN 2022, PERSONS³⁷



³⁷ The data includes information received from Interpipe Niko Tube LLC, MP Dneprosteel LLC, Interpipe Novomoskovsk Pipe-Production Plant JSC and Dishware Novomoskovsk Ltd

EMPLOYEE HEALTH AND SAFE WORKING CONDITIONS

OUR APPROACH TO MANAGING EMPLOYEE HEALTH AND SAFETY

Being aware of our responsibility for the health and safety of our employees, the Interpipe Group strives to create safe working conditions at every workplace. Guided by the best current practices and standards for occupational health and safety in our activities, we pay special attention to the prevention of accidents, incidents and occupational diseases at the companies of the Group.

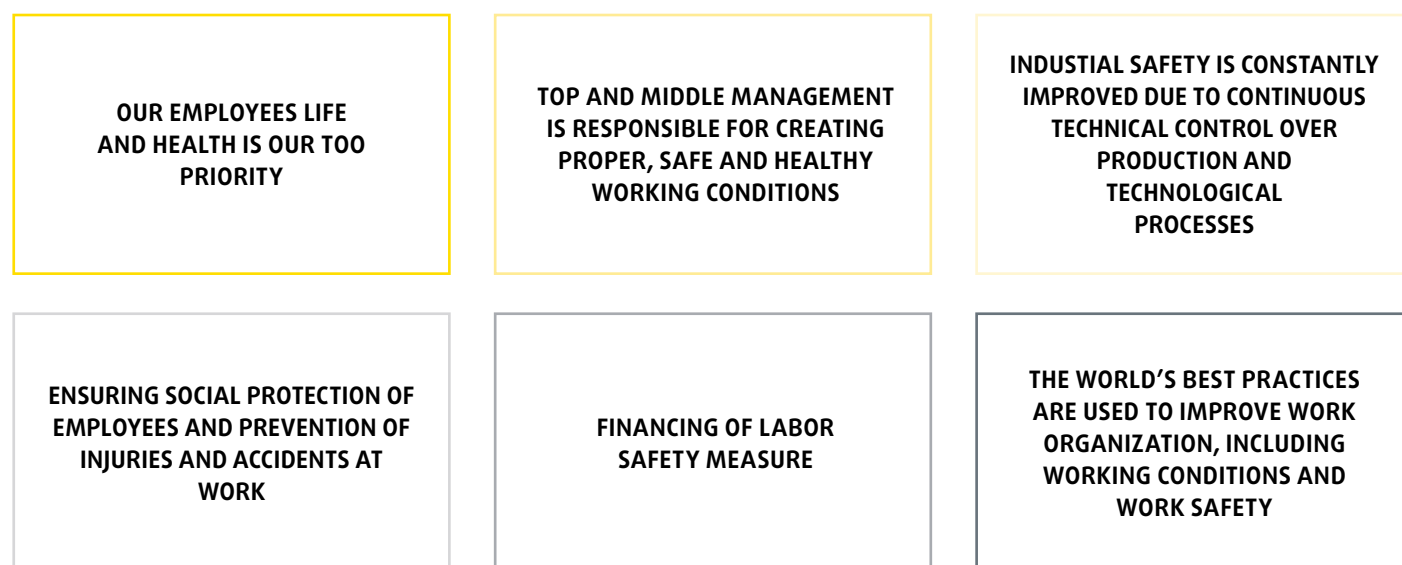


FIGURE 62. KEY PRINCIPLES OF INTERPIPE GROUP ACTIVITIES IN THE FIELD OF HEALTH AND SAFETY

The Interpipe Group of Companies approach to employees' health, safety and productivity are stipulated in its policies and instructions that apply to all employees of the Group, as well as visitors to its production facilities and administrative premises, including representatives of suppliers and subcontractors. The labor protection and industrial safety policies are available at https://interpipe.biz/esg/sotrudnikam/Politika_ohrany_truda. Also, an occupational health and safety (OH&S) management system has been implemented at Interpipe's production facilities, which is an integral part of the Group's unified management system. The OH&S management system implemented at Interpipe PJSC "Interpipe Nizhnedneprovsky Tube Rolling Plant", JSC "Interpipe Novomoskovsk Pipe-Production Plant", and "Interpipe Niko Tube" LLC fully comply with the international standard ISO 45001:2018 "Occupational health and safety management systems", which is confirmed by the relevant certificates (available at <https://interpipe.biz/en/esg/sotrudnikam/security>). The health and safety management systems meet the requirements of the current Ukrainian legislation and other regulations. The occupational health and safety clauses in the collective agreement of all Group companies guarantee

its employees safe and non-hazardous working conditions, the safety of technological processes and compliance with sanitary norms.

Occupational health and safety issues are managed at each and every level of the Group's organizational structure by implementing the following organizational measures:

- Development of effective management structures as part of the OH&S management system, in order to ensure its adequate functioning;
- Definition and regulation of functions, powers, responsibilities, target tasks, as well as rights and duties of all Group employees;
- Establishment of functional relationships and interaction procedures between production divisions and services of the Group companies;
- Adoption of disciplinary and other interventions aimed at increasing the personal responsibility of managers and specialists for failure to fulfill their duties stipulated by the OH&S management system, and of workers for failure to comply with occupational safety requirements at the workplace.

The functioning of the occupational health and safety management system is the responsibility of the Interpipe Group of Companies top management, represented by its CEO and members of the Group's Management Board. The persons responsible for occupational and industrial safety and sanitation at each enterprise of the Group are determined and approved by the management of each company on an annual basis, taking into account the specific features of the activities of each company of the Group. Additionally, every year, the management of each company of the Group organizes occupational and fire safety training, updates their internal regulations, organizes the timely supply of personal protective equipment, monitors their employees' health status, inspects and tests equipment and tools, etc.

The key objective of the Group's occupational health and safety management system is ensuring compliance with the Laws of Ukraine "On Labor Protection" and "On Mandatory State Social Insurance", Civil Protection Codes and Labor Laws of Ukraine. Also, depending on the specifics of the companies of the Group, the OH&S management system takes into account the requirements of occupational safety and health regulations in the relevant sectors and industries. The scope of the system includes the design, development, production and sale of the entire range of the Group's products. The OH&S covers all production processes, divisions and all employees of the Group, as well as representatives of suppliers and subcontractors.

TABLE 10. SCOPE OF THE INTERPIPE GROUP OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

	THE COMPANIES OF THE GROUP WITHIN THE SCOPE	THE SHARE OF EMPLOYEES OF THE GROUP'S PRODUCTION FACILITIES COVERED BY THE SYSTEM	THE SHARE OF SUBCONTRACTORS OF THE GROUP'S PRODUCTION FACILITIES COVERED BY THE SYSTEM
THE INTERNALLY AUDITED SYSTEM	All divisions of: "MP "Dneprosteel" LLC "Dishware Novomoskovsk" Ltd JSC "Interpipe Dneprovtoormet"	19%	100%
THE EXTERNALLY AUDITED AND CERTIFIED SYSTEM	All divisions of: PJSC "Interpipe Nizhnedneprovsky Tube Rolling Plant" JSC "Interpipe Novomoskovsk Pipe-Production Plant" "Interpipe Niko Tube" LLC	81%	100%

The efficiency of OH&S management system is subject to periodic analysis by the head of each company of the Group. The analysis is based on the results of previous monitoring, production controls or investigations of incidents and accidents, as well as acts and regulations of the state regulatory bodies. The current occupational health and safety management system run by the companies of the Group is subject to regular internal and external independent audits. All internal auditors of the Interpipe Group of Companies have been externally trained and certified. Internal audits are regulated by the Group's own standards and regulations, as well as the international standard ISO 19011:2018. In addition, "MP "Dneprosteel" LLC and JSC "Interpipe Dneprovtoormet" are implementing the safety and environmental management arrangement (SEMA), which includes monthly communications with personnel, audits of safety and environmental issues, assessment of BINS team capacities, and discussions of BINS issues at joint meetings between the administration and team representatives.

The key channels used by the Interpipe Group of Companies to share information and ensure employee participation, consultation and communication on occupational health and safety include:

1. Meetings on occupational health and safety issues held by the Group's top management.
2. Conferences for Group employees.
3. Shift meetings and other meetings at production sites, in divisions and facilities of the companies of the Group.
4. Memos, newsletters and brochures.
5. Notice boards on the territory of the production facilities of the Group companies.
6. The Group's official website.
7. Notification by telephone or e-mail

Each Group company has mailboxes in its premises for collecting complaints and suggestions on occupational health and safety. Also, the employee can at any time contact his/her immediate supervisor regarding the identified risks or dangers related to the work process or contact the occupational health and safety service of the relevant production facility of the Group by submitting a complaint or proposal on paper or electronically. The periodic review of risk registers and the introduction of new measures in the OH&S management system are supported by staff surveys and open discussions at all stages of making changes.

OUR APPROACH TO HAZARD IDENTIFICATION, RISK ASSESSMENT AND INCIDENT INVESTIGATION

A special methodology is used to assess risks and adverse impacts in the field of occupational health and safety. It includes several stages: classification of work and identification of hazards, determination of exposures, decisions on their acceptability, creation of a risk register, development of an action plan for control, analysis and implementation of the plan. The risk registers are reviewed at least once every 3 years.

The risk management and hazard identification system implemented at the Interpipe Group's production facilities includes multi-level preventive activities and complies with the norms of the current Ukrainian legislation and standard procedures of the Group. Our main management priority in the field of occupational health and safety is preventing negative consequences. The internal controls over the fulfillment of requirements, rules, regulations and instructions on labor safety by employees and contractors include:

PREVENTIVE CONTROL

**PERSONAL CONTROL (SELF-CONTROL)
AT THE WORKPLACE**

**OPERATIONAL CONTROL AT THE LEVEL OF DIRECT
WORK SUPERVISORS;**

**CONTROL AT THE LEVEL OF MANAGEMENT OF A DIVISION
OF THE GROUP COMPANY**

**CONTROL AT THE LEVEL OF MANAGEMENT
OF THE GROUP COMPANY**

**TARGETED INSPECTIONS AND COMPREHENSIVE
EXAMINATIONS BY THE OCCUPATIONAL HEALTH
AND SAFETY SERVICE**

**PUBLIC CONTROL BY THE TRADE UNION
COMMITTEE OF THE GROUP**

As part of preventive and operational controls, which are the key in our approach to hazard identification, site managers conduct daily checks on the condition of work premises and equipment, the availability of necessary instructions, maps and diagrams at workplaces, and provide workers with the necessary tools, devices and personal protective equipment. Site managers are also responsible for the initial identification of dangerous technological operations, and possible hazardous areas. Such areas should be properly marked and secured until the hazard is eliminated. Based on the results of internal controls, instructions for mitigating identified risks and inconsistencies are issued, action plans are drawn up with the appointment of responsible persons, and deadlines for the implementation of the plan are set.

In the case of significant changes in production, such as changes in the workplace settings, installment of new equipment, reconstruction work, use of new substances, changes in working conditions, or after the occurrence of accidents, unscheduled emergency hazard and risk assessments are conducted. Appropriate changes to internal risk registers, instructions and regulations shall be made within 2 months after a new hazard is identified.

Work related accidents at any company of the Group are investigated in accordance with the Resolution of the Cabinet of Ministers of Ukraine on the "Procedure for the investigation and recording of accidents, occupational diseases and incidents at work" and according to special internal guidelines of the Group's production companies, which establish the accident analysis procedure and the development and implementation of corrective actions based on the results of such investigations. Work injuries are recorded in the Registrar of persons injured in accidents and occupational diseases (poisoning) at work.

The main types of occupational diseases associated with the performance of work include high blood pressure, vibration disease, hearing and respiratory system diseases. In order to reduce the negative impact, the Interpipe Group of Companies conducts on a permanent basis certification of workplaces, measures the levels of exposure to harmful production factors with the involvement of certified third-party laboratories, provides employees with the latest personal protective equipment and implements measures to minimize adverse effects on their health. As a result, no deaths due to diseases related to the performance of work were recorded in 2019-2022.

CREATING SAFE WORKING CONDITIONS

The biggest health and safety challenge in 2022 was the safety of our employees given Russia's full-scale invasion of Ukraine. During the reporting year, we implemented a number of measures to create safe working conditions and protect our employees from Russian aggression, namely:

- at all companies of the Group, the existing protective structures are maintained in proper condition, shelters are provided with warm clothes, drinking water, means of communication, medicines, etc.;
- staff notification systems for air raid alerts are in place and operational;
- Dome type protective reinforced concrete structures were additionally installed at "Interpipe Niko Tube" LLC in the city of Nikopol to shelter workers during air raids, artillery or missiles attacks;
- several generators were purchased at each company of the Group to be used in case of power outages, and special measures and instructions were developed in order to safely maintain the production processes during martial law.

Also, during 2022, regular meetings were held, where the management of the companies of the Group and the employees discussed occupational safety issues, accidents, injuries, as well as changes in regulations or rules.

Employees are not admitted to work unless they have their personal protective equipment on. The employees are informed about any harmful or dangerous production factors at the work sites when they are hired, and appropriate warning signs are installed at the entrances to production units and sites. The Interpipe Group of Companies ensures the purchase, assembly, issuance and maintenance of personal protective equipment, including special clothing and footwear. The provision of personal protective equipment is regulated by Interpipe internal Procedure for providing employees with special clothing, special footwear and other personal protective equipment. In addition, each occupational safety instruction specifies the types of personal protective equipment for a specific job. We also carefully monitor the quality of delivered personal protective equipment. A special commission is established at each production facility of the Group to review and check all supplies of PPE.

Every year, all production facilities of the Interpipe Group of Companies engage accredited and certified external organizations to measure the level of hazardous substances, noise and other harmful production factors at permanent and temporary workplaces. Based on the results of the measurements, mitigation steps are taken to reduce harmful effects, and employees are provided with the necessary personal protective equipment. In addition, all workplaces at the production facilities of the Group are subject to attestation every 5 years, as a result of which, employees may be granted corresponding benefits and compensations.

All employees of the Group, who work with dangerous chemicals, are provided with the relevant personal protective equipment and shall act in accordance with the developed technological instructions and occupational safety instructions regarding the storage, transportation, draining and use of use of potent toxic substances. Workers who may feel negatively impacted by the noise at their workplaces are provided with special hearing protection devices, such as earplugs, headphones, etc. In order to mitigate the impact of high or low temperatures at the workplace, the Group's production facilities have air curtains to reduce heat loss through open door slots in winter and the operation of additional infrared heaters and fans for heating or cooling depending on the season.

Every year, the Interpipe Group of Companies invests in creating safe working conditions at its enterprises. In 2022, the Group's expenditures in occupational safety amounted to 45.8 million UAH.

TABLE 11. INTERPIPE GROUP EXPENDITURES IN LABOR PROTECTION IN 2022

GROUP COMPANY	EXPENDITURES, MILLION UAH
PJSC "Interpipe Nizhnedneprovsky Tube Rolling Plant"	17.6
"MP "Dneprosteel" LLC	13.1
Interpipe Nico Tube LLC	11.4
JSC "Interpipe Dneprovttormet"	2.0
Society "Dishware Novomoskovsk" Ltd	1.1
JSC "Interpipe Novomoskovsk Pipe-Production Plant"	0.6
Total:	45.8

During 2022, 11 injuries with temporary disability were recorded and confirmed by qualified medical personnel (excluding fatal cases). The main causes of accidents at the workplace were:

- action of moving and rotating machines and mechanisms;
- loading and unloading operations using special equipment;
- execution of gas-hazardous work and equipment repair work;
- use of vehicles;
- moving around production sites;
- performing work at heights and under high voltage.

Therefore, the confirmed injury with temporary loss of working capacity rate (excluding fatalities) in 2022 was 1.01.

TABLE 12. NUMBER OF CONFIRMED AND REGISTERED INJURIES WITH TEMPORARY LOSS OF WORKING CAPACITY (EXCLUDING FATALITIES) AT INTERPIPE GROUP OF COMPANIES PRODUCTION FACILITIES

COMPANY	2020	2021	2022	
			MEN	WOMEN
"Interpipe Niko Tube" LLC (city of Nikopol)	3	1	4	—
"Interpipe Niko Tube" LLC (city of Dnipro)	—	3	3	3
PJSC "Interpipe Nizhnedneprovsky Tube Rolling Plant"	4	4	1	—
"MP "Dneprosteel" LLC	4	2	—	—
Society "Dishware Novomoskovsk" Ltd	—	1	—	—
JSC "Interpipe Dneprovstormet"	2	—	—	—
JSC "Interpipe Novomoskovsk Pipe-Production Plant"	—	—	—	—
Total	13	11	11	

During 2020-2021, no accidents with fatalities were recorded at the Interpipe Group of Companies production facilities. However, in 2022, 1 Group employee suffered life-threatening injuries. The fatality rate due to occupational injuries was 0.09 in 2022.

TABLE 13. KEY INDICATORS OF INJURIES AT THE WORKPLACE OF INTERPIPE GROUP OF COMPANIES PRODUCTION FACILITIES

INDICATOR	NUMBER OF INTERPIPE GROUP EMPLOYEES		
	2020	2021	2022
The number of confirmed and registered cases of injury with temporary loss of working capacity (excluding fatalities)	13	11	11
The number of deaths due to occupational injuries	—	—	1
Near miss frequency rate	55	24	30
Total recorded incident rate ³⁸	0.17	0.15	0.20
Mortality rate ³⁹	—	—	0.02
Near miss frequency rate ⁴⁰	0.73	0.32	0.55
Severe injuries with loss of working capacity rate ⁴¹	0.04	0.03	0.04
Confirmed injuries with temporary loss of working capacity rate (excluding fatalities) ⁴²	0.86	0.74	1.01
Fatalities due to occupational injuries rate ⁴³	—	—	0.09
Working days lost due to injuries and accidents at work	563	511	411
Number of hours worked	15,047,893	14,849,076	10,949,776

In 2022, various improvement works were carried out across most of the Group's production facilities, including the installation of air conditioners and local heating devices for workplaces, as well as repairs of roads and footpaths. In 2022, the soft roof was repaired at "Dishware Novomoskovsk" Ltd, and new windows and warning light boards were

installed at "Interpipe Niko Tube" LLC. In 2022, PJSC "Interpipe Nizhnedneprovsky Tube Rolling Plant" carried out repairs and external insulation of control cabins of 3,500 and 5,000 ton press machines, as well as modernization of the existing lighting using energy-saving lamps in wheel pair production area and in the sample preparation area in the wheel-rolling workshop.

³⁸ Total Recorded Incident Rate (TRIR) = (Number of Recorded Incidents * 200,000) / Number of Hours Worked

³⁹ Mortality rate = (Number of occupational fatalities * 200,000) / Number of hours worked

⁴⁰ Near Miss Frequency Rate (NMFR) = (Number of Near Miss Incidents * 200,000) / Number of Hours Worked

⁴¹ Severe injuries with loss of working capacity rate = (Number of days lost due to an accident at work * 1000) / Number of hours worked

⁴² Confirmed occupational injuries rate = (Number of confirmed occupational injuries / Number of hours worked) * 1,000,000

⁴³ Fatalities due to occupational injuries rate = (Number of fatalities due to occupational injuries / Number of hours worked) * 1,000,000

OCCUPATIONAL HEALTH AND SAFETY OF CONTRACTORS' AND SUPPLIERS' EMPLOYEES

We also feel responsible for the health and safety of our subcontractors' and suppliers' employees who need to access our production facilities or the premises of the companies of the Group. Before third-party organizations are allowed to work on the territory of Interpipe companies, a work organization plan or a work execution plan is developed and agreed on with representatives of contractors and suppliers. The plan specifies the required safety measures. All visitors and employees of external organizations undergo an introductory occupational health and safety briefing, which covers the internal occupational health and safety policy and existing risks at the Group's production facilities, before entering the territory. The instructions communicated during the briefings contain the basic safety requirements for the period of stay on the territory of the facility while performing works in the territory of the Group's facility or for other purposes. Also, Interpipe companies have developed and implemented standard procedures with occupational safety and industrial safety requirements for contractors.

FIRE SAFETY AT THE GROUP'S COMPANIES

Interpipe pays significant attention to issues related to industrial and fire safety at its facilities. The existing fire safety system maintenance and improvement is the responsibility of:

- the Environment and Industrial Safety Director of "Interpipe Ukraine" LLC — at the Group level;
- heads of occupational health and safety and industrial safety services — at the level of the Group's companies;
- heads of department — at the level of production sites of the Group's companies;
- every employee within the scope of his/her job responsibilities — at the workplace level.

Every year, representatives of the Head Office of the State Emergency Service of Ukraine (SES) in the Dnipropetrovsk region conduct scheduled inspections to check compliance by the Group's enterprises with the requirements of the legislation in the field of civil protection, industrial and fire safety. Every year, the divisions of the Group's companies are also subject to focused and scheduled internal inspections for compliance with the requirements of the current law and regulation on fire safety. Additionally, as part of the supervisory audit of the OH&S management system, independent certification bodies conduct external audits of fire and industrial safety systems at PJSC "Interpipe Nizhnedneprovsky Tube Rolling Plant", "MP "Dneprosteel" LLC, and "Interpipe Niko Tube" LLC.

Technical and organizational measures to improve fire safety are held annually at the companies of the Group. The measures include purchase of additional fire shields and fire extinguishers, servicing and recharging of existing fire extinguishers, periodic inspection of fire hydrants, maintenance of fire alarm systems and automatic early warning systems for emergency situations, training of personnel to work in gas protection equipment, etc. The Interpipe Group of companies actively engages external specialized contractors to improve the existing fire safety system. The management of "MP "Dneprosteel" LLC concluded an agreement with state organizations and private companies on round-the-clock monitoring and maintenance of fire-fighting systems, and the management of "Dishware Novomoskovsk" Ltd and "Interpipe Niko Tube" LLC concluded contracts for providing facility emergency and rescue services. In 2022, an additional fire extinguishing system (carriage barrel) was installed at the arc steel furnace of "MP "Dneprosteel" LLC, and the automatic fire alarm system was completely restored at the axle and wheelset production site at PJSC "Interpipe Nizhnedneprovsky Tube Rolling Plant".



OUR APPROACH TO TRAINING EMPLOYEES ON OCCUPATIONAL HEALTH AND SAFETY IN THE WORKPLACE

Training of personnel on occupational safety is carried out in accordance with the requirements of the current regulatory acts of Ukraine in the field of education and labor safety and the internal regulations of each production enterprise of the Group. We take a responsible approach to the process of training on occupational safety and systematically improve the knowledge and skills of our employees in this field. In the Interpipe Group of Companies, training on occupational safety is mandatory for all line managers (heads of structural divisions), specialists, employees and workers of the companies of the Group.

The list of training programs depends on the specifics and scope of each company of the Group. Employees engaged in high-risk jobs undergo additional special training annually. The duration of each OHS course is at least 30 hours, in line with the current Ukrainian legislation. In addition, an annual occupational safety training program is mandatory for all full-time employees of all production facilities of the Group. The program includes the general "Occupational Safety" course, as well as specific training on occupational safety for work at heights and loading and unloading operations, rules for the technical operation of electrical installations, rules for occupational safety when working with tools and devices, fire safety rules, civil defense training, etc. For example, in 2022, 193 employees of PJSC "Interpipe Nizhnedneprovsky Tube Rolling Plant" received a special on-site focused training on civil protection in the case of fire on the territory of production facilities. In addition to targeted training programs, training programs on occupational safety have been developed at each Group company for both its own employees and representatives of suppliers and subcontractors.

In November 2022, the Interpipe training center and the pipe-cutting workshop of "Interpipe Niko Tube" LLC in the city of Dnipro hosted a practical training: "Simulation game in a confined space at the workplace". This training marked the beginning of a series of occupational safety and hygiene joint activities implemented by the Federation of Employers of Ukraine and the State Labor Service, supported by Das Bildungswerk der Wirtschaft MV and Sequa. During the event, managers and occupational health and safety specialists had the opportunity to discuss both the general provisions and requirements for employees when performing work in confined spaces, and additional organizational and technical measures to create safe conditions when performing such work. During the practical exercise, the trainees could observe work operations and safety measures when performing work in confined spaces — in real conditions on an artificially simulated workplace. Also, during the event, the employees of the State Labor Service presented information on a number of accidents that occurred during the performance of work in a confined space as a result of inappropriate actions and emphasized the need for strict compliance with occupational safety requirements and rules. At the end of the practical exercise, the participants of the event exchanged their ideas on possible ways to improve safety measures and prevent possible risks to the life and health of employees.

The necessity for and the frequency of conducting occupational safety training are determined in accordance with the legislative acts of Ukraine and the internal regulations in place in each production facility of the Group, and in any case no less than once a year. The effectiveness of training is assessed by checking the knowledge of trainees by an independent qualification commission, as well as by conducting an anonymous survey of the trainees.

PROMOTION OF EMPLOYEE HEALTH

The Interpipe Group of Companies promotes a healthy lifestyle among its employees in every possible way. Every year, Interpipe is the title partner of one of the largest regional half marathons in Ukraine, the Interpipe Dnipro Half Marathon. Before the half marathon, the employees willing to participate are offered preparatory activities, such as training under the supervision of professional coaches, recommendations on healthy eating, etc.

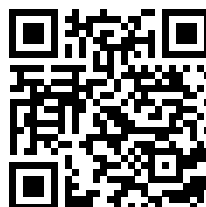
In 2021, 1,856 runners from 153 cities around the world took part in the Marathon.

Unfortunately, due to Russia's full-scale invasion of Ukraine, the 7th Interpipe Dnipro Half Marathon 2022, which was supposed to take place on May 22, 2022, has been postponed indefinitely.

Interpipe has supported the construction of new sports grounds and the organization of sporting events such as football tournaments, bicycle races, and others. In addition, the medical services provided to the Group's employees include rehabilitation of employees with chronic diseases in various specialized sanatoriums, as well as the rehabilitation of personnel at recreation centers.



6th Interpipe Dnipro Half Marathon 2021



Registration for 7th Interpipe Dnipro Half Marathon 2022

MEDICAL SUPPORT FOR THE GROUP'S EMPLOYEES

All employees of the Interpipe Group of Companies enjoy free access to a wide range of medical services, such as medical check-ups, follow-up examinations with specialized doctors and, if necessary, sanatorium and resort treatment. All medical services are provided to the employees in a specialized polyclinic – a separate division Polyclinic of PJSC “Interpipe Nizhnedneprovsky Tube Rolling Plant”, which is part of the Interpipe Group of Companies (for more details, see the link <http://med.interpipe.biz/uk>). The Polyclinic is located in the city of Dnipro on the territory that is adjacent to two production facilities of the Group. The Polyclinic is licensed by the Ministry of Health of Ukraine to carry out medical practice and holds an Accreditation Certificate of the highest category issued by the main accreditation commission of the Ministry of Health of Ukraine. 90.6% of the Polyclinic doctors are certified and have the appropriate qualification category, while more than half of them have a higher qualification. In addition to the provision of medical services, if needed, the Group provides transportation of employees to the Polyclinic, as well as the ability to call an ambulance 24 hours a day in case of emergency. Also, for the provision of separate medical services, namely the provision of emergency medical assistance at the workplace, medical examinations, preventive vaccinations, etc., separate medical centers operate on the territory of each enterprise of the Group.

All employees of the Interpipe Group companies undergo an initial (at the time of hiring) and regular (annual) health screening tests, based on which a medical certificate regarding the employee's ability to work in a particular position or perform a specific type of work is issued. If, according to the results of the medical examination, the employee has contraindications to the work he is supposed to perform, he/she is not allowed to perform them and, upon his/her consent, is transferred to another job in accordance with his/her medical certificate. If needed, the worker is allowed to work shorter hours and he/she is retrained for a new career in accordance with the current Ukrainian regulatory requirements. The employee is paid his/her wage for the entire period of the medical examination.

The Interpipe Group of Companies respects the employees' rights to protect their personal data and strictly adheres to the provisions of the current Law of Ukraine “On Personal Data Protection” and other relevant legislation in this field, including the norms of the European Data Protection Directive. For this reason, we do not share or disclose any medical histories or any other information about our employees. Outpatient documents are stored in separate rooms, accessible only to medical workers of the Polyclinic or medical units. The Group has its Personal Data Protection Policy in place, which also regulates the confidentiality of employees' personal data.

In 2023, the Interpipe Group of Companies' production facilities will continue implementing comprehensive (technical and organizational) measures to improve working conditions and strengthen industrial safety, including the following:

- At PJSC “Interpipe Nizhnedneprovsky Tube Rolling Plant”: the KP No. 2 backup fan room at the thermal section is to be renovated by the end of Q3 2023;
- PJSC “Interpipe Nizhnedneprovsky Tube Rolling Plant” and “MP “Dneprosteel” LLC: ceiling lighting is to be upgraded using energy-saving technologies by the end of 2023;
- “Interpipe Niko Tube” LLC in the city of Nikopol: air conditioners, coolers and anti-vibration chairs for operators and drivers of electric overhead cranes will be purchased in 2023;
- “Interpipe Niko Tube” LLC in the city of Dnipro: the internal audit system will be digitalized and the electronic recording system for identified violations will be implemented in 2023.



THE INTERPIPE GROUP'S ENVIRONMENTAL IMPACT

Compliance with the standards of safe production is one of the priorities for the Interpipe Group, so we pay special attention to minimizing the impact of our activities on the environment. The Interpipe Group declares full compliance with the current legislation of Ukraine on responsible waste management, rational use of water and its protection from pollution and depletion, and protection of ambient air, in particular in terms of reporting, monitoring and verification of greenhouse gas emissions.

The Group's operational impact on the environment is governed by a policy that covers all the activities including the purchase of raw materials, energy resources and the supply of finished goods. This policy aims to reduce the environmental impact by reducing the usage of primary materials (raw materials), natural water resources and energy, as well as reducing waste and emissions of pollutants and greenhouse gases. In addition, each of the Group's production facilities has its own documented and management approved policy regarding industrial safety, labor and environmental protection (available at https://interpipe.biz/esg/environment/Politika_po_ekologii).

To maintain a sustainable approach to environmental management, PJSC "Interpipe Nizhnedneprovsky Tube Rolling Plant", JSC "Interpipe Novomoskovsk Pipe-Production Plant" and "Interpipe Niko Tube" LLC have adopted an environmental management system based on the international standard ISO 14001:2015, and the confirmation certificates are available at <https://interpipe.biz/esg/environment>. The general responsibility for the management of environmental impact issues is entrusted to the Ecology and Industrial Safety Director of "Interpipe Ukraine" LLC.

The assessment of the environmental management system quality is carried out on a regular basis by the Group's senior management and covers the following issues:

- review of the status of actions within the system based on the results of previous reviews;
- estimation of the extent to which the goals have been reached;
- reviewing the results of internal audits;
- analysis of internal and external factors affecting the Group's entities;
- analysis of risks and opportunities;
- taking into account the opinions of stakeholders, including complaints and suggestions.

Moreover, as a result of the implementation of the corporate ERP system IT Enterprise, the accounting of key environmental indicators was automated. We track the consumption of materials in production and the volume and types of waste generated at production sites, analyze and assess the compliance of temporary storage, accounting and timely transfer for the sale and/or disposal processes of used materials, waste, containers and packaging, and control the processes of general water usage and wastewater disposal.

Interaction with Interpipe Group's stakeholders contributes to the improvement of its approaches to managing environmental impacts. Each of the stakeholders' representatives can submit a complaint or suggestion on any issue related to the Group's environmental policy. All complaints and suggestions are reviewed by the Environmental and Industrial Safety Department and involve representatives of other departments as necessary. Upon the results of the review, the Group's entities either immediately take the necessary measures to eliminate the identified risks or plan to develop and further implement organizational and technical measures aimed at rectifying the identified problems. Moreover, the findings of complaints and suggestions are taken into account when reviewing the risk registers of the Group's entities.

When conducting an environmental impact assessment, local communities are involved in the discussion. In 2022, a public discussion was held on the planned activities for the technical refurbishment of the heating boiler house and the reconstruction of the wheel set assembly and painting area at PJSC "Interpipe Nizhnedneprovsky Tube Rolling Plant". Moreover, in 2022, as part of obtaining permits for air pollutant emissions, the Group's entities published relevant statements of their intentions in local newspapers. No complaints or suggestions have yet been received from stakeholders.

In 2022, the Interpipe Group incurred no significant risks related to its water resources consumption, ambient air emissions, materials usage or waste generation. The biggest threat in this area is the further destruction of critical infrastructure as a result of Russia's terrorist activities on the territory of Ukraine.

THE USAGE OF MATERIALS AND WASTE MANAGEMENT

The Interpipe Group acknowledges its responsibility for the efficient usage of materials and raw materials and the reduction of waste, and therefore declares compliance with the general principles of the circular economy in its operations.

The environmental policies of the Group's production facilities outline the principles and commitments to reduce environmental impact by implementing resource-saving technologies, rational usage of primary materials and expanding the list of renewable raw materials, as well as minimising the harmful impact of waste and adhering to its waste management hierarchy. All of the Group's production facilities have developed standards, orders, regulations and instructions aimed at regulating the usage of materials and waste management, taking into account the specifics of each Group's operations, as well as establishing a general procedure for inspection of incoming materials arriving at the facilities and defining requirements for the application of new types of materials. The heads of the Group's production units are responsible for the usage of materials and waste management.

We are aware of the usage of raw materials at our production facilities and therefore try to reduce the consumption of primary materials. Our approach is focused on increasing the share of renewable raw materials or reused materials (recycling). For instance, steel billets are produced using steel scrap as the main raw material, which is a recycled material, as well as auxiliary materials such as ferroalloys and slag-forming additives, which are mostly made from secondary materials by recycling waste (including plastic). By recycling steel scrap, Interpipe Group reduces its consumption of natural gas and eliminates the consumption of primary materials in the form of iron ore and coking coal, which are required for conventional steelmaking (BF-BOF cycle, or the process of producing liquid hot metal in a blast furnace and processing it in an oxygen converter).

The key indicator for assessing the effectiveness of our approach to the usage of materials is the share of recycled raw materials in the total volume of materials used.

In 2022, 733.3 thousand tons of primary materials were used. Total material consumption in 2022 decreased by 38% compared to 2021, which is explained by a decrease in production due to Russia's military aggression against Ukraine.

The Group's approach to waste management is to prevent waste generation by using the latest materials and technologies wherever possible, and to reduce the risk of accumulation of waste by transferring it to specialized companies for recycling or recovery in a timely manner.

The treatment methods for different types of waste depend on the degree of their hazard and resource value. All hazardous waste, regardless of the type, is transferred for further processing and disposal to authorized organizations that have the appropriate licenses and permits. Those waste types that

can be used as a commodity are directed for sale. A dedicated structural unit of Interpipe annually collects information on the volume of such waste generated by the Group's entities and organizes tender processes for its sale. Waste that has no demand on the secondary market is transferred to third parties for disposal. As a result of the disposal process, the Group receives all the necessary supporting documents.

The majority of the waste at Interpipe Group's entities is generated during the steel production process. This includes electric arc furnace slag, rolling mill scale and ferrous scrap (pipe billet residues). Metal containers from paints, varnishes, fuels and lubricants constitute a significant amount of waste in the process of production of auxiliary materials and materials for repair needs. Moreover, a significant share of waste is made up of waste process fluids, such as waste cutting fluids from metalworking machinery and test fluids from hydraulic presses.

Information on the generation, availability presence at production on-sites, and utilization and disposal of certain types of waste is compiled from based on the accounting records and uploaded into the corporate ERP system IT Enterprise. All information is collected, when necessary, but at least once a quarter.

In 2022, Interpipe Group enterprises generated 196.6 thousand tons of waste during their production activities, of which 98.8% was low-hazardous.

TABLE 14. CONSUMPTION OF MATERIALS BY THE GROUP'S PRODUCTION FACILITIES, THOUSAND TONS

	2020	2021	2022
Total amount of materials used, including:	910.6	1,178.6	733.3
Steel scrap	800.4	1,048.5	650.4
Lime	40.6	54.7	35.1
Pig iron	32.0	27.9	17.4
Ferroalloys	14.0	18.3	11.4
Carbonization materials	14.8	17.2	10.2
Refractory materials	4.6	5.3	5.0
Other slag-forming additives	2.7	4.8	2.6
Electrodes	1.5	1.9	1.2

TABLE 15. TOTAL WASTE PRODUCED BY INTERPIPE GROUP, TONS

	2020	2021	2022
Overall volume of produced waste, including:	215,996	285,006	196,610
Class I (extremely hazardous)	4	4	3
Class II (highly hazardous)	14	5	0.5
Class III (moderately hazardous)	5,912	7,918	2,290
Class IV (slightly hazardous)	210,066	277,079	194,316

The Interpipe Group regularly analyzes the effectiveness of its waste management practices and activities. We measure and assess the state of soil, groundwater and atmospheric air at waste disposal sites, and conduct sanitary-chemical and toxicological-hygienic tests of industrial waste to draw conclusions on the degree of hazard and toxicity class of waste. The key parameter is the amount of waste generated in tons per year.

In 2022, as a result of Russia's full-scale invasion of Ukraine, the operations of certain specialized companies that processed the Group's waste were temporarily suspended, which created a risk to the safe and timely disposal of the Group's waste. To decrease the impact of the shutdown, we have implemented a number of measures to increase the volume of waste recycling at our own production facilities, namely:

- at "Interpipe Niko Tube" LLC, we reequipped the modular boiler room of TRS-7 to use waste from our own and purchased wood, which allowed us to reduce the use of primary natural raw materials;
- the test fluid of the Meer hydraulic press in TRS-2 of "Interpipe Niko Tube" LLC was partially cleaned from scale contamination, which made it possible to postpone the fluid replacement and prevent the generation of 180 tons of liquid waste;
- the working solution treatment technology used at the manganese phosphating site TS-6 of "Interpipe Niko Tube" LLC made it possible to eliminate the annual disposal of highly- and moderately hazardous liquid waste in the amount of about 100 m³, which reduced the amount of waste containing heavy metals and hazardous chemicals.

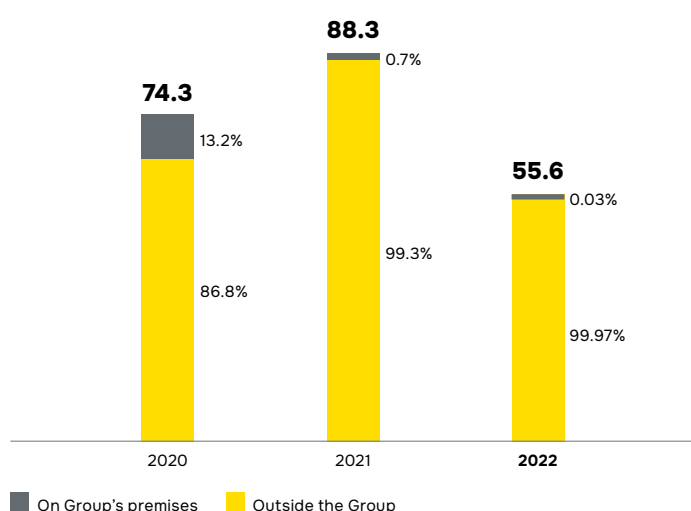
The total amount of waste handed over for disposal or recycling in 2022 was 55.6 thousand tons, or 28% of all waste produced, of which 99.97% was disposed of outside the Group's facilities.

In 2023, the Group plans to conduct a Life Cycle Assessment (LCA) for "Interpipe Niko Tube" LLC in accordance with ISO 14040 and ISO 14044 standards, and develop an Environmental Product Declaration (EPD) in accordance with ISO 14025 and EN 15804 standards, followed by verification and registration in the ENVIRONDEC database⁴⁴.

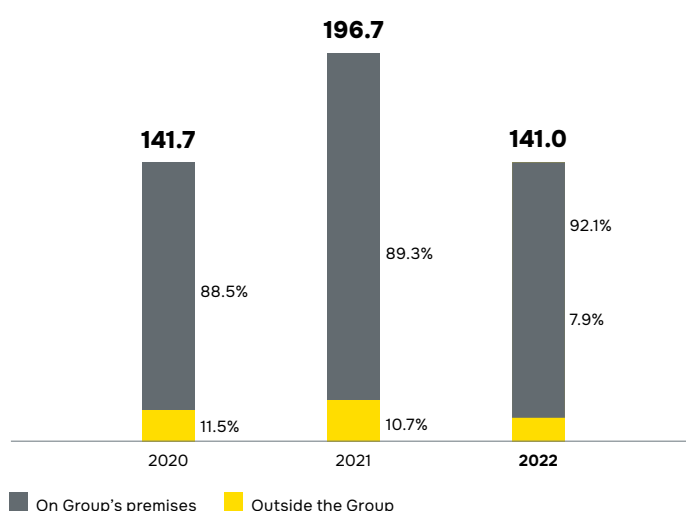


FIGURE 63.
OVERALL WASTE VOLUME OF THE INTERPIPE GROUP BY TYPE OF TREATMENT, THOUSAND TONS

RECYCLING



DISPOSAL



⁴⁴ This refers to the library of environmental product declarations of the international EDP system, <https://environdec.com/library>

WATER RESOURCES MANAGEMENT AND BIODIVERSITY CONSERVATION

The environmental policy of the Interpipe Group of Companies sets out principles and commitments aimed at reducing water consumption and reducing wastewater discharges. To resolve operational issues related to water usage and wastewater management at the level of individual divisions of the Group's production facilities, relevant orders, regulations and instructions were created and adopted. The chief power engineers are responsible for water management at the Group's entities.

The majority of Interpipe Group's production facilities are secondary water users, and therefore they do not directly withdraw water and discharge wastewater, except for domestic wastewater, which is delivered to municipal water treatment plants. PJSC "Interpipe Nizhnedneprovsky Tube Rolling Plant" is the only primary water user in the Group that uses the Dnipro River both as a source of water supply and a wastewater discharge channel. Apart from water intake from the Dnipro River, the Group's entities use water from public water supply systems mainly for their own utility purposes.

Most of the Group's entities are equipped with water recycle systems and use water to cool equipment and billets without direct contact with raw materials or products. Therefore, in order to replenish the cooling cycles, small amounts of fresh water are required to replace the evaporated water. The most water-consuming equipment is rolling mills, quenching plants, baths, test racks, and cooling systems for various equipment: electric arc furnaces, continuous casting machines, gas heating furnaces, presses, machine tools, etc.

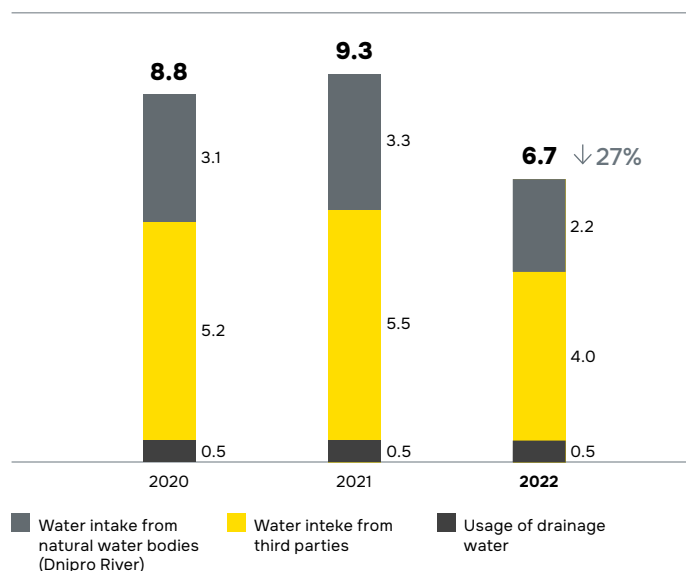
As a result of Russia's full-scale invasion of Ukraine, the key challenge in water management in 2022 was the issue of stable power supply to pumping stations and auxiliary equipment of water recycling systems. In order to eliminate the threat and prevent any adverse consequences, special operating schedules were implemented for the main process equipment, and the operating times of the circulation cycles without feeding or replacing technical water were prolonged for as long as possible.

A key metric for evaluating the efficiency of water management practices and activities is the volume of water used in thousands of cubic meters per year.

The Group's entities use commercial water and wastewater metering devices. The accounting is carried out through the corporate ERP system IT-Enterprise.

In 2022, Interpipe Group entities had a total water intake of 6.7 mln cubic meters, with fresh water making up 92.6% of the intake⁴⁵. All of the water intake was carried out in the Dnipropetrovsk region.

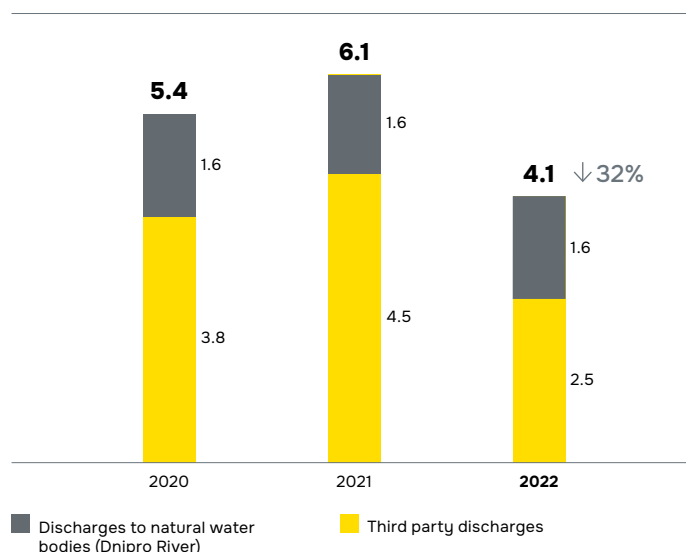
FIGURE 64.
TOTAL WATER INTAKE BY INTERPIPE GROUP ENTITIES BY SOURCE, MILLION CUBIC METERS



It should be noted that in 2022, the Interpipe Group did not carry out any operations in areas with water shortage or high water stress.

The total amount of wastewater discharges within the Interpipe Group's companies in 2022 was 4.1 million cubic meters, marking a 32% decrease compared to 2021.

FIGURE 65.
TOTAL VOLUME OF WASTEWATER DISCHARGED BY INTERPIPE GROUP'S COMPANIES BY POINT OF DISCHARGE, MILLION CUBIC METERS



⁴⁵ Fresh water is defined as water with a total dissolved solids content of ≤1000 mg/l.

Discharges of pollutants into the environment are regulated by setting maximum allowable discharges of substances with wastewater into surface water bodies. Among the Group's entities, only JSC Interpipe NTRP releases wastewater into a natural water body under a specific water usage permit. The entity also adheres to the "Wastewater Quality Control Management" procedure, which outlines the primary guidelines for organizing and monitoring the quality of recycled, drainage, and waste water.

The wastewater generated by PJSC "Interpipe Nizhnedneprovsky Tube Rolling Plant" is directed to the nearby water treatment plant, which is known as the Filtration Plant Unit (FPU). The treatment of industrial water and stormwater at the FPU is as follows:

- treatment of wastewater with coagulant in coagulant mixing tanks and flocculant in flocculant mixing tanks;
- sedimentation in sedimentation tanks;
- filtering in two-chamber mechanical filters filled with anthracite and two-chamber carbon filters filled with activated carbon.

In 2022, there were no instances of unauthorized wastewater discharges surpassing the permissible limits of pollutants. In 2022, the Interpipe Group decreased its water usage by 27% compared to 2021, amounting to 6.8 million cubic meters, including recycled water. Decreased production due to Russia's full-scale invasion of Ukraine was the main reason for the lower water consumption.

The Interpipe Group will continue to ensure responsible water resource usage by introducing new technologies and methods, specifically by increasing water reuse percentage in its technological processes. In 2022, 95.4% of the water used underwent treatment and was then either returned or recycled through the water utilization system.

To reduce our negative impact on bodies of water, we are dedicated to both increasing water recycling and significantly reducing water consumption at the Group's facilities. Water recycling in industrial processes reduces the amount of water taken from natural sources, thereby ensuring access to clean water for local residents' personal and household needs. Moreover, in order to reduce water usage, the following measures were taken in 2022:

- PJSC "Interpipe Nizhnedneprovsky Tube Rolling Plant" completed two projects to install new cooling towers for recycling cycles PS2 and NSK, aimed to reduce the temperature of technological processes and minimized the replenishment volume of water supply for recycling cycles;
- "Interpipe Niko Tube" LLC in Dnipro partially replaced the return water supply pipeline, resulting in a decrease in water consumption

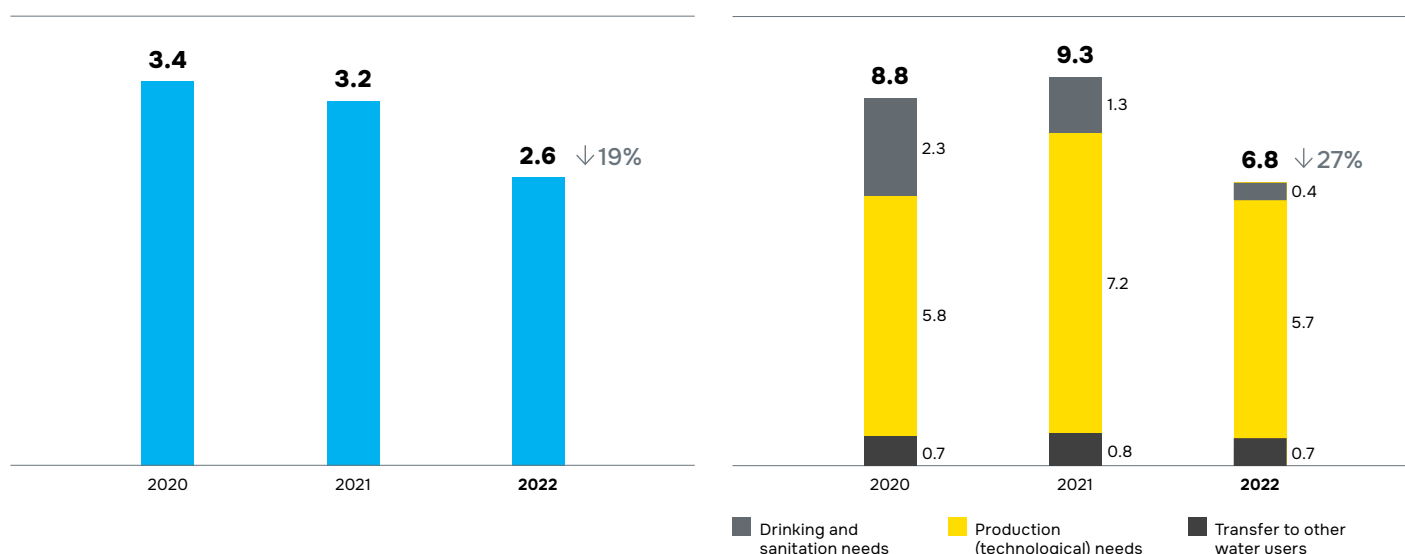
By the end of 2023, a cooling tower will be installed at the pumping station of the thermal department in the wheel-rolling workshop at "Interpipe Niko Tube" LLC. This installation will also reduce the Group's water intake. The company plans to implement a project on installation of technical units for measurement of drinking water consumption at the premises of "Interpipe Niko Tube" LLC in Dnipro.

The main goals of Interpipe Group in the area of water management are:

- reducing water usage in technological processes;
- maximizing the level of water reusing;
- reducing the amount of wastewater generated.

The company complies with the key principles for protecting and restoring biodiversity and ecosystems in the areas where it operates. We recognize the value of biodiversity conservation in ensuring the stability of ecosystems in the region where we operate, and therefore we focus on

FIGURE 66.
TOTAL WATER USAGE BY INTERPIPE GROUP ENTITIES, THOUSAND CUBIC METERS



⁴⁶ The amount of water treated and then either returned or reused was calculated by dividing the total volume of water in the recycled and reused water supply systems by the total volume of water withdrawn.

maintaining the maximum conservation of ecosystems both in the areas of direct production activities and in the surrounding areas. The Group applies its approach by continuously monitoring changes in the designation of territories and objects belonging to the Nature Reserve Fund and Protected Areas of Ukraine, and considering measures to preserve all priority species of flora and fauna and natural habitats. The heads of the Group's production units are responsible for this at the level of the Group's entities.

We do not operate in protected areas or areas of high biodiversity value.

Furthermore, the activities of the Interpipe Group have no impact on rare, endangered or threatened species of plants and animals listed in the Red Book of Ukraine.

In 2022, the Interpipe Group did not detect any potential direct or indirect impact on the ecosystem's condition throughout its entire value chain.

All Interpipe Group entities measure noise pollution within their sanitary protection zones on an annual basis. In 2022, the results of measurements did not exceed the standards established by the Ukrainian legislation, which indicates that there is no noise pollution from the Group's production activities.



ENERGY CONSUMPTION, AIR EMISSIONS AND CLIMATE CHANGE MITIGATION

The Interpipe Group acknowledges the significance and gravity of climate change, and therefore, takes into account the environmental impact of its production throughout its operations. The Interpipe Group reaffirms its commitment to the European Green Deal by reducing carbon emissions by 55% by 2030 compared to 1990 levels. The company aims to achieve climate neutrality by 2050.

Energy efficiency and lower energy consumption are the main means to achieve carbon neutrality in the Interpipe Group's green modernization, as they not only aim to improve production performance and reduce operating costs, but are also effective measures to mitigate climate change.

In 2021-2022, each one of the Interpipe Group's production facilities adopted its own energy policy, supporting guidelines for energy management systems and determined specific standards for legal and other requirements in the energy sector. Policies, guidelines and standards have been developed to establish procedures for the following:

- identifying and updating regulatory requirements related to energy management;
- organization of energy planning;
- data collection and management of energy resources;
- identification of major energy users;
- development of an energy baseline;
- development of energy efficiency programs;
- establishing a mechanism for assessing the quality of the energy management system through analysis by the Group's top management.

At all stages of production, the Interpipe Group ensures that energy management is rational and balanced, following fundamental principles. The energy management systems at PJSC "Interpipe Nizhnedneprovsky Tube Rolling Plant", JSC "Interpipe Novomoskovsk Pipe-Production Plant", "Interpipe Niko Tube" LLC and "MP "Dneprosteel" LLC comply with the international standard ISO 50001:2018, which is confirmed by the relevant certificates, freely available at https://interpipe.biz/esg/environment/energy_efficiency.

The mechanism for evaluating the quality of the energy management system is implemented as part of the analysis by the Group's top management through quarterly meetings of the Energy Management Committees. In addition, in 2022, internal and regulatory energy audits were conducted at the entities and no problems or deficiencies were identified.

The Interpipe Group regularly evaluates and analyses energy consumption, develops and updates energy saving programs, develops the rationalization movement and increases the level of knowledge of its employees on the rational use of energy. To achieve this, each Group entity has appointed senior managers responsible for operating energy management systems. The Group's top managers are directly responsible for the operation of the energy management systems.

Electricity and natural gas consumption is monitored daily at the Interpipe Group's production facilities. Immediate action is taken to correct any deviations from established consumption standards. Monthly meetings also focus on compliance with approved fuel and energy consumption standards. To improve morale and motivation towards meeting consumption targets, the Energy Department's heads of structural units and engineering and technical staff receive a monthly bonus. The bonus is based on hourly system balance data, comparing planned and actual daily electricity consumption within 5%.

The Group's entities have implemented an automated system for commercial electricity metering system that ensures accurate technical recording of electricity consumption. All data is transmitted remotely and recorded in the corporate ERP system IT Enterprise. The technical metering of the natural gas consumption is carried out by the installed metering units with the help of adjustment computers, which adjust the consumed gas for pressure and temperature. Data is manually collected once a day. The data is recorded in a spreadsheet.

Stakeholder needs are addressed in a separate section of the Energy Management System Guidelines. Although such communication is limited due to Russia's full-scale invasion of Ukraine, we are promptly interacting with energy utilities and communicating with secondary consumers of electricity from the Group entities. As part of our procurement planning, we inform our contractors about compliance with the criteria for the supply and provision of energy-efficient products and services. Moreover, we also raise awareness among our employees about the rational and efficient use of energy resources by informing them about the main elements of the energy management system.

One of the Group's key management principles is the development and implementation of energy-saving programs. We regularly replace incandescent bulbs with energy-saving LED bulbs. In 2022, as a result of this lighting upgrade, "Interpipe Niko Tube" LLC in Nikopol reported a decrease in electricity consumption of 1,433 thousand kWh compared to 2021.

TABLE 16. MEASURES TO REDUCE ENERGY CONSUMPTION AND IMPROVE ENERGY EFFICIENCY IN 2022 BY INTERPIPE GROUP ENTITIES

GROUP ENTITY	DESCRIPTION OF THE MEASURE
"Interpipe Niko Tube" LLC in Nikopol	The district heating system has been partially replaced with local heating using low-power electrical appliances. Operating our own equipment and avoiding purchased heat reduced heat consumption by 209 Gcal in 2022, compared to 2021.
Society "Dishware Novomoskovsk" Ltd	Heaters were replaced in the zones of furnaces No. 6 and No. 8.
JSC "Interpipe Novomoskovsk Pipe-Production Plant"	A SM 100-65-200/2A pump with a 30 kW electric motor replaced the FV 144/46 pump with a 45 kW electric motor.
JSC "Interpipe Dneprovstormet"	Maintenance was conducted on the high-voltage and medium-voltage busbars. The company regularly upgrades the water metering unit and updates its fleet of loaders in phases.

Indicators such as reduction in equipment downtime, energy consumption per ton of product (kW/t), and comparison of actual repairs to planned repairs are used to evaluate the effectiveness of the measures taken and the management approach.

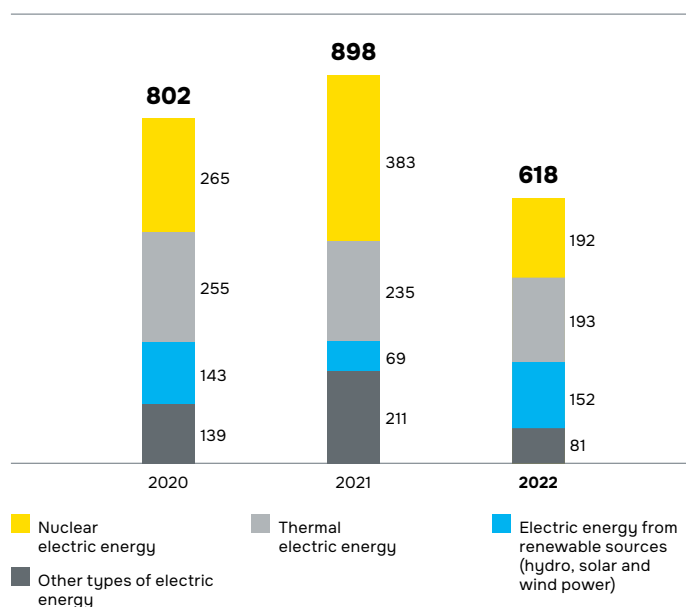
The Interpipe Group therefore undertakes the following commitments in order to effectively implement the principles of energy saving:

- implement and continuously improve energy management systems in accordance with the ISO 50001:2018 international standard.
- plan operational activities taking into account the development and implementation of energy saving and energy efficiency measures;
- modernize equipment by replacing outdated equipment with newer energy-efficient equipment;
- develop and update energy conservation measures in a timely manner;
- continue to raise awareness of energy efficiency and energy conservation among the Group's employees and others working at the Group's enterprises.

The Group's fuel consumption was in 2022 was 3,045.9 TJ⁴⁷, representing a 50.1% decrease compared to 2021.

Electric energy consumption in 2022 was 617.6 GWh, marking a 29.8% decrease compared to 2021. The main reason for the decrease in fuel and electric energy consumption was a reduced production as a result of Russia's full-scale invasion of Ukraine and Russia's terrorist attacks on the Ukrainian energy system.

In order to reduce indirect greenhouse gas emissions, the Interpipe Group gives priority to consumption electric energy from renewable sources. Particularly, in 2022, the volume of electric energy consumed from alternative renewable sources more than doubled compared to the previous year, totaling 151.5 GWh.

FIGURE 67. VOLUME OF ELECTRIC ENERGY CONSUMPTION BY THE INTERPIPE GROUP, GWH**TABLE 17. VOLUME OF FUEL CONSUMPTION BY INTERPIPE GROUP ENTITIES**

FUEL TYPE	UNIT OF MEASUREMENT	2020	2021	2022
Total fuel consumed, incl:	TJ⁴⁸	4,813.2	6,099.2	3,045.9
Natural gas	TJ	4,745.5	6,056.5	3,024.2
	million m ³	137.6	175.6	87.7
Diesel fuel	TJ	64.3	40.1	19.6
	million l	1.8	1.1	0.5
Gasoline	TJ	3.0	2.2	1.8
	thousand l	91.2	68.7	55.3
Liquefied petroleum gas	TJ	0.3	0.3	0.3
	thousand l	16.6	13.6	16.0

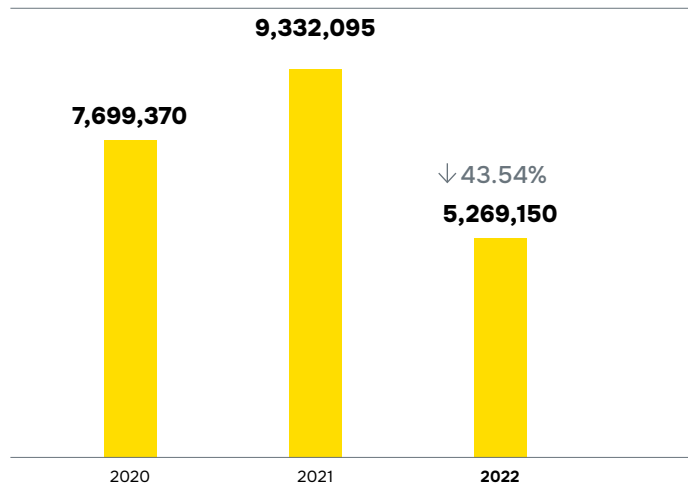
⁴⁷ The Group's fuel consumption includes only fuel from non-renewable energy sources.

⁴⁸ To convert fuel measurements from liters and cubic meters to joules, we utilized standard coefficients of IPCC (Intergovernmental Panel on Climate Change): the density of diesel fuel is 834 kg/thousand liters, the density of gasoline is 756 kg/thousand liters; The National Inventory Report on Natural Gas Emissions in Ukraine: the density of natural gas is 0.719 kg/m³, the net heating value of liquefied petroleum gas is 46.01 GJ/t, the net heating value of diesel fuel is 43.05 GJ/t, the net heating value of gasoline is 43.04 GJ/t, and the net heating value of natural gas is 47.96 GJ/t; American Petroleum Institute: density of liquefied petroleum gas is 0.455 kg/l

TABLE 18. VOLUME OF ELECTRIC ENERGY CONSUMPTION BY INTERPIPE GROUP ENTITIES

ENERGY TYPE	2020		2021		2022	
	GWH	TJ	GWH	TJ	GWH	TJ
Total electric energy consumed, incl:	801.7	2,886	898.0	3,233	617.6	2,223
Electric energy from renewable sources (hydro, solar and wind power)	143.2	515	69.3	250	151.5	546
Thermal electric energy	255.0	918	234.5	844	193.1	695
Nuclear electric energy	264.9	954	382.9	1,378	191.8	691
Other types of electric energy (source not specified)	138.6	499	211.3	761	81.1	292

Therefore, the total energy consumption of Interpipe Group entities in 2022 was 5,269 TJ, marking a 44% decrease compared to 2021.

FIGURE 68. TOTAL ENERGY CONSUMED BY INTERPIPE GROUP ENTITIES, TJ

In 2022, one of the Group's key challenges in relation to energy and climate change was to secure a steady energy supply, including energy for gas treatment equipment. To address this challenge, Group entities developed an alternative power supply plan in the event of a power shortage, changed the work schedule of equipment and maintenance personnel, and took additional measures to mitigate the negative effects of a sudden power outage.

The Interpipe Group follows the trends of climate change and sees the need to reduce its own greenhouse gas emissions for the well-being of future generations and to maintain its own competitiveness in the market. Reducing direct and

indirect emissions of greenhouse gases and pollutants is the Group's primary goal in the area of climate change. To resolve operational issues related to emissions at the level of individual divisions of the Group's production facilities, relevant orders, regulations and instructions were created and adopted. The heads of the Group's production units are responsible for this at the level of the Group's entities.

We strictly adhere to regulatory requirements for emission limits, and all of our entities have valid ambient air emission permits. Each year, all of the Group's production facilities submit a state statistical report on emissions of pollutants and greenhouse gases from stationary sources in accordance with current Ukrainian legislation, and since 2022, PJSC "Interpipe Nizhnedneprovsky Tube Rolling Plant", "Interpipe Niko Tube" LLC and "MP "Dneprosteel" LLC will prepare separate operator reports in accordance with the requirements of the Law of Ukraine "On Principles of Monitoring, Reporting and Verification of GHG Emissions".

In 2022, Interpipe Group experts will also enhance the assessment of the impact of the 2021 implementation of the Carbon Border Adjustment Mechanism (CBAM) and identify priority areas for further decarbonization.

The Interpipe Group's approach to climate change is to minimize the harmful impact of its operations on the atmosphere. For this purpose, we regularly monitor the ambient air quality at the periphery of sanitary protection zones, adhere to maximum permissible emissions, maintain the smooth and efficient operation of dust and gas cleaning and ventilation equipment, and service gas boilers at the Group's entities. The Group uses the volume of ambient air pollutant emissions in tons per year as the main metric to assess the effectiveness of its approach.

Moreover, we calculate the specific greenhouse gas emission intensity per ton of steel produced for "MP "Dneprosteel" LLC, taking into account direct and indirect greenhouse gas emissions in accordance with the Greenhouse Gas Protocol Accounting and Reporting Standard. In 2022, this figure was:

**DIRECT EMISSIONS
(SCOPE 1)**

0.10
TONS OF CO₂-EQ

**INDIRECT EMISSIONS
(SCOPE 2)**

0.24
TONS OF CO₂-EQ

PER 1 TON OF STEEL "MP "DNEPROSTEEL" LLC

per 1 ton of steel including emissions of all greenhouse gases

In 2022, the Group's direct greenhouse gas emissions (Scope 1) were 210.4 thousand tons of CO₂-eq, representing a 48.7% decrease compared to 2021. In 2022, the Group's indirect greenhouse gas emissions (Scope 2) were 247.2 thousand tons of CO₂-eq, marking a 26.5% decrease compared to 2021. The significant decrease in greenhouse gas emissions is mainly due to a reduction in production volumes at Group companies as a

⁴⁹ To convert measurements, we used the ratio of 1 kWh = 0.0036 GJ.

result of Russia's full-scale invasion of Ukraine. However, part of the decrease in indirect emissions (Scope 2) was due to an increase in the share of carbon-neutral and renewable energy in the Group's total electric energy consumption.

We are committed to the responsible selection of raw material suppliers and the usage of the Group's products, thereby extending the scope of greenhouse gas emissions management to indirect emissions associated with the value chain (Scope 3). Indirect greenhouse gas emissions (Scope 3) were not calculated in 2021 and 2022; in 2020, these emissions were 802.4 thousand tons of CO₂-eq, or 55.5% of the Group's total emissions.

TABLE 19. VOLUME OF GREENHOUSE GAS EMISSIONS BY INTERPIPE GROUP ENTITIES THOUSAND TONS OF CO₂-EQ

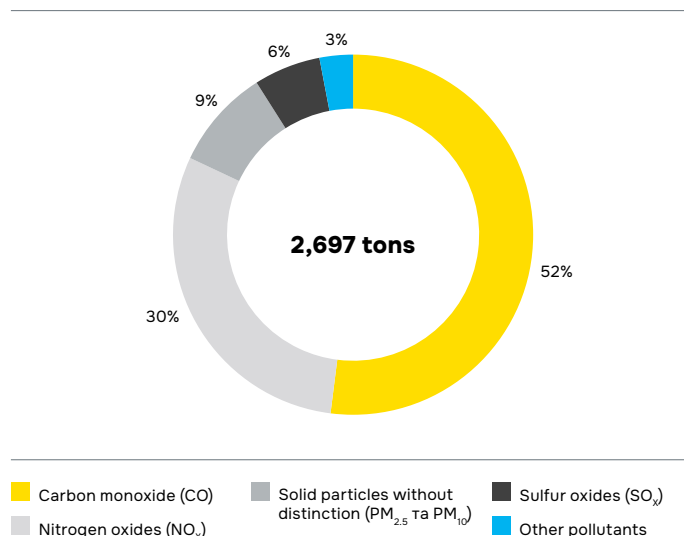
SCOPE	2020	2021	2022
Total greenhouse gas emissions⁵⁰, including:	1,446.3	746.2	457.6
Direct greenhouse gas emissions (Scope 1)	324.4	409.9	210.4
Direct greenhouse gas emissions (Scope 2) ⁵¹	319.5	336.3	247.2
Indirect greenhouse gas emissions (Scope 3) ⁵²	802.4	The calculation was not performed.	

As a result of the production activities of Interpipe Group entities in 2022, 2,697 tons of pollutants were emitted into the air, which is 52% less than in 2021. In 2022, carbon monoxide was responsible for the largest percentage of pollutant emissions by volume, accounting for 1,414 tons or 52% of the total volume of all pollutants emitted.

TABLE 20. AIR POLLUTANT EMISSIONS BY INTERPIPE GROUP ENTITIES, TONS

NAME OF THE POLLUTANT	2020	2021	2022
Total pollutants, including:	4,456	5,580	2,697
Carbon monoxide (CO)	2,749	2,901	1,414
Nitrogen oxides (NO _x)	1,072	1,723	799
Sulphur oxides (SO _x)	195	305	175
Volatile organic compounds (VOC)	99	157	72
Solid particles without distinction (PM _{2.5} and PM ₁₀)	341	493	238
Manganese dioxide (MnO ₂)	0.4	0.4	0.2
Lead (Pb)	0.1	0.1	0.04
Polycyclic aromatic hydrocarbons (PAHs)	-	-	-
Persistent organic pollutants (POPs)	-	-	-
Hazardous air pollutants (HAPs)	-	-	-

FIGURE 69. STRUCTURE OF POLLUTANT EMISSIONS INTO THE AMBIENT AIR BY INTERPIPE GROUP ENTITIES IN 2022



Setting relevant targets and integrating climate change issues into decision-making at all levels of management is an important component in ensuring that we fulfil our commitments. In particular, in the area of energy management and climate change mitigation, the following objectives are to be achieved:

- further modernization of ceiling lighting at all the Group's entities;
- training the Group's employees involved in the energy management system to raise their awareness of rational and efficient energy consumption;
- reduce specific natural gas consumption used to manufacture key products;
- installation of the compressed air dryers on the compressors at Society "Dishware Novomoskovsk" Ltd;
- development of an Automated Gas Control and Metering System (AGCMS) based on existing technical metering units at "Interpipe Niko Tube" LLC;
- renovation of heating pipelines of PAO-1 and TRS-4 with replacement of the existing conventional 300 mm diameter pipeline with a conventional 80 mm diameter pipeline at Interpipe "Interpipe Niko Tube" LLC;
- increase the share of purchases of carbon neutral and renewable electric energy.

The Interpipe Group faces a significant challenge in achieving its goals due to the technical and economic limitations resulting from Russia's full-scale invasion of Ukraine. Therefore, in 2022, the Group did not undertake any targeted projects or any other activities aimed at significantly reducing greenhouse gas and air pollutant emissions.

⁵⁰ The estimates include emissions of all greenhouse gases in the CO₂-eq (global warming factors according to the IPCC Sixth Assessment Report) and use an operational control-based approach to data consolidation. The measured volumes of all greenhouse gas emissions include data from PJSC "Interpipe Nizhnedneprovsky Tube Rolling Plant", JSC "Interpipe Novomoskovsk Pipe-Production Plant", "Interpipe Niko Tube" LLC, "MP "Dneprosteel" LLC and JSC "Interpipe Dneprovortormet".

⁵¹ For calculating indirect greenhouse gas emissions (Scope 2), we used primary data from the Ministry of Energy, Ukrenergo, and the State Statistics Committee of Ukraine to establish the specific emission factor per unit of electricity consumed. Since the calculations were market-based, separate intensity factors were applied.

1,173 kgCO₂/MW for thermal power plants, 270 kgCO₂/MW for thermal power stations, and 338 kgCO₂/MW for electric energy of an undetermined generation type.

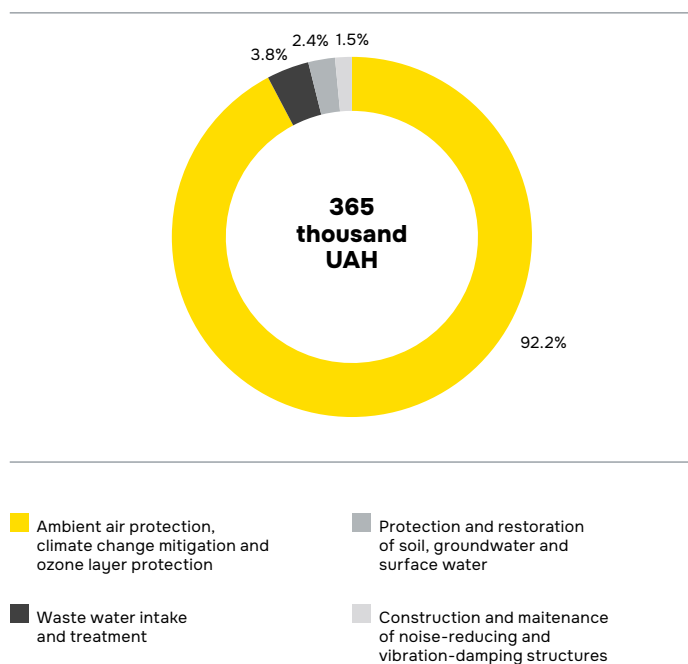
⁵² The calculation of indirect greenhouse gas emissions (Scope 3) includes the transportation of the Group's employees in company cars (both on and off site), the usage of all materials transported within the Group (supply from one company to another) and all materials purchased from third parties.

ENVIRONMENTAL INVESTMENTS AND PAYMENT OF THE ENVIRONMENTAL TAX

The Interpipe Group continues to invest in environmental protection. In 2022, the cost of environmental protection amounted to 365 thousand UAH, of which 92.2% was invested in ambient air pollution control, climate change mitigation and ozone layer protection. The Group's environmental investments include monitoring, laboratory research, obtaining permits and implementing other measures.

Additionally, the Interpipe Group creates value in the regions in which it operates by offering employment opportunities and contributing taxes, including those for the environment, which are directed towards local budgets.

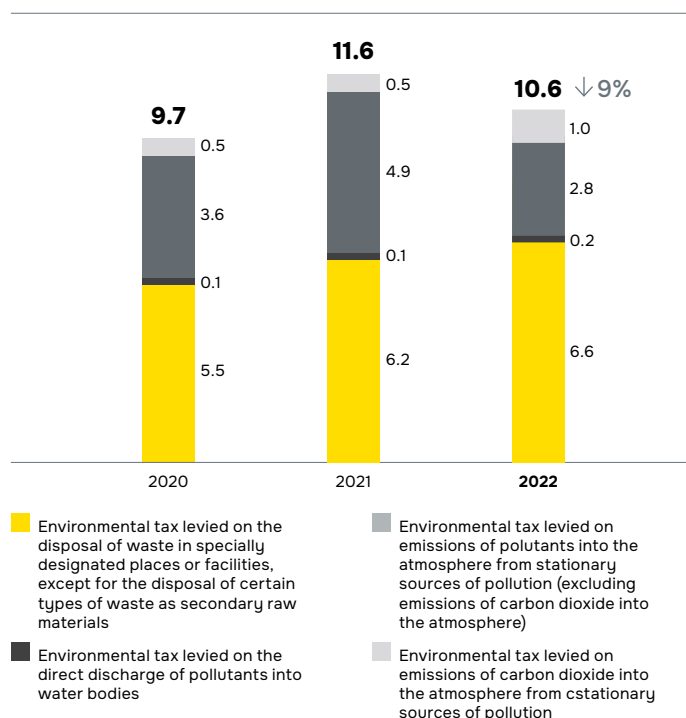
FIGURE 70.
INTERPIPE GROUP'S ENVIRONMENTAL INVESTMENTS IN 2022



All Group entities comply with the requirements of the Tax Code of Ukraine and pay environmental taxes on emissions of greenhouse gases and pollutants into the atmosphere, discharges of pollutants into water bodies, and waste disposal in designated areas. 100% of all greenhouse gas emissions from stationary sources are subject to environmental tax.

In 2022, the environmental tax paid by Interpipe Group was 10.6 million UAH, marking a 8.9% decrease compared to 2021. The largest payments are made by Group entities for the disposal of waste at specially designated sites (excluding the disposal of certain types of waste as secondary raw materials).

FIGURE 71.
ENVIRONMENTAL TAX PAYMENT BY INTERPIPE GROUP COMPANIES, MILLION UAH



SUPPORT FOR LOCAL COMMUNITIES

Developing mutually beneficial partnerships with local communities contributes to achieving the long-term goals of the Interpipe Group. Active participation in supporting local communities and the most vulnerable segments of the population is an important part of our stakeholder engagement approach, which is described in the Group's Code of Ethics.

The management of issues related to local community support is centralized at the Group level. The person responsible for managing these issues is the Communications Director of "Interpipe Ukraine" LLC. We are attentive to our obligations towards representatives of local communities, and therefore we are constantly working to improve and create an effective management system in this area.

The Interpipe Group makes every effort to address social and environmental issues of local communities, contributing towards improving people's lives while taking into account the needs of communities when implementing business projects. We regularly assess and measure our impact on the environment, closely monitor potential negative impacts and prevent them from occurring. In addition, Interpipe actively promotes healthy lifestyles among both its own employees and representatives of local communities, supporting healthy and sustainable habits and values.

The group encourages two-way dialogue and closely monitors complaints and suggestions from representatives of local communities, which they can submit via social media pages,

contact phone numbers or email addresses posted on the group's official website at: <https://interpipe.biz/contacts/contacts>.

If risks or potentially negative impacts on local communities are identified, Interpipe informs the stakeholders and promptly responds to eliminate consequences or resolve problematic situations. It is thanks to this approach that the risks associated with the direct activities of the Group that can affect local communities are minimal. We strive to create positive influences by implementing development programs and projects for local communities, including Group employees and their families.

Since the beginning of Russia's full-scale invasion of Ukraine, Interpipe has continued to create the necessary conditions to support local communities. We ensure the opening of invincibility points and bomb shelters, and provide emergency assistance to settlements in the regions where the Group operates, for example, we help in providing water to Nikopol and the Nikopol district.

In 2022, the Interpipe group actively cooperated with local authorities and charitable foundations to provide the necessary assistance to local communities during martial law, which remains a priority for the Group in the future. Our main purpose and most important goal in this area is to do everything possible to support our employees, their families and representatives of local communities during Russia's full-scale invasion of Ukraine.



Systematic targeted support for the Group's employees and their families. One of the most important projects of the Group in 2022 was the creation of the corporate headquarters for assistance to mobilized employees and their military units. The main activities during this project's implementation are:

- Constant contact with the mobilized employees and clarification of their needs;
- Sending targeted assistance;
- Medical deployment and support if necessary, including provision of medicines, coverage of additional examinations and assistance from doctors of the Group's Medical Center.

We also continue to support other employees and their families affected by Russia's war against Ukraine. During 2022, several initiatives were undertaken:

- Evacuation of children of employees along with their families from the Nikopol territories which were under constant shelling, to a sanatorium in the north of the Dnipropetrovsk region;
- Providing accommodation for employees of the Group from the city of Nikopol in the safer city of Pokrov (due to the constant shelling of the city of Nikopol);
- Providing material assistance to employees whose homes have suffered significant damage as a result of artillery or rocket attacks.

Assistance to the Armed Forces of Ukraine and to doctors, including military medics. Since the beginning of Russia's full-scale invasion of Ukraine, the Interpipe Group has been systematically helping the military and medics, providing the materials, medicines, specialized vehicles, generators and other essential equipment. We understand that in this difficult time, every business must contribute to the common victory of Ukraine, and therefore we are making every effort to help our military and medics with their urgent needs.



Organizational support for the Internally Displaced Persons (IDPs) assistance program from the Viktor Pinchuk Foundation in the Dnipropetrovsk region. Since autumn 2022, in partnership with the Victor Pinchuk Foundation and the international charity initiative Ukraine Relief Fund, we have been helping to implement a program to support families of IDPs with children and people with disabilities in the Nikopol and Novomoskovsk districts of the Dnipropetrovsk region. Within the framework of this project, the Interpipe Group is engaged in budgeting, organizing and directly implementing the regional program. Since the foundation of the program, a number of events have been held, including:

- Monthly issuance of humanitarian kits with non-perishable products and hygiene items;
- Providing targeted assistance to large families of IDPs and IDPs with disabilities in order to help them settle in a new place after their evacuation from war zones. From September 2022 to May 2023 inclusive, more than 500 large families of IDPs, as well as families of IDPs that include persons with disabilities, received targeted assistance in the form of basic household appliances (refrigerators, washing machines, etc.);
- Providing support for IDPs during the winter period;
- Providing targeted assistance to temporary accommodation centers ("shelters").

Systematic assistance to hospitals in the city of Dnipro and the military in Dnipropetrovsk region with the necessary medicines and equipment. Since the beginning of Russia's full-scale invasion of Ukraine, the Interpipe Group, together with the Revival of the Region Charitable Foundation, which was created and is funded with the support of the Group, has been purchasing medicines and necessary equipment for hospitals receiving evacuees from war zones and injured people.

The goals of the Interpipe Group in the field of protecting and supporting local communities in 2022 were formed and revised to consider the conditions that have developed as a result of Russia's full-scale invasion of Ukraine, and are designed not only to help communities cope with the challenges of wartime, but also to ensure their growth on the path to a common victory for Ukraine:

- Further support of the Armed Forces of Ukraine, hospitals and other medical institutions;
- Continuing to help all employees and their families;
- Creating and maintaining safe conditions for residents of local communities;
- Expansion and continuation of assistance programs for internally displaced persons.



STAKEHOLDERS AND MATERIAL TOPICS OF THE GROUP

PRINCIPLES OF INTERACTION WITH STAKEHOLDERS

An important component of achieving the business and sustainable development goals of the Interpipe Group is an active engagement with all stakeholders. Building trusting relationships with our clients, employees and partners based on the principles of responsible business management allows us to identify their needs and requests, as well as to create appropriate action plans to support and improve communication and cooperation. We understand our responsibility to all stakeholder groups, and therefore strive to involve them in identifying the list of sustainable development topics that are essential and have an impact on the Interpipe Group.

We regularly update documents that set common ethical standards and guide the team's management and employees of the Group in interacting with all stakeholders. These documents include:

THE CODE OF ETHICS
(updated in 2021, is freely available at the link <https://interpipe.biz/upload/c806b36aedc1a3206a2d5e1124d25116.pdf>)

THE CHARTER OF RESPONSIBLE PROCUREMENT
(updated in 2021, is freely available at the link <https://interpipe.biz/upload/78244a9c16ce4d1e83baf5694124c7f1.pdf>)

THE CHARTER OF EQUALITY, DIVERSITY AND PARTICIPATION
(updated in 2021, is freely available at the link <https://interpipe.biz/upload/bf542141289e814ef92d21593ef5ba08.pdf>)

ANTI-CORRUPTION POLICY
(updated in 2021, is freely available at the link <https://interpipe.biz/upload/d967f3f62096b30100c00148db896a2e.pdf>)

The CEO of the Interpipe Group and representatives of senior management in the areas of operation are responsible for managing communication with stakeholders. Interpipe's main stakeholder groups include:

1. Clients.
2. Employees.
3. Board of Directors.
4. Investors and creditors.
5. Suppliers.
6. Government authorities.
7. Public and non-governmental organizations.
8. Socially vulnerable groups of the population.
9. Business associations.
10. The media.
11. Educational establishments.

It is the responsibility of the directors in each of the areas to determine the need and method for engaging with a particular group of stakeholders.

The Group has a common mechanism for submitting complaints and suggestions. Any stakeholder can contact us using one of the following channels:

- A single helpline for anonymous messages via phone, email, or feedback form is freely available at the link https://interpipe.biz/esg/governance_and_ethics/trustline;
- The Economic Security Service's anti-corruption hotline, contacts are freely available at the link https://interpipe.biz/esg/governance_and_ethics/anti-corruption_policy;
- Direct contacts with the services in the areas for making suggestions.

TABLE 22. LIST OF STAKEHOLDER GROUPS AND APPROACH TO THEIR ENGAGEMENT

STAKEHOLDER GROUP	ENGAGEMENT METHOD	ENGAGEMENT FREQUENCY	KEY TOPICS	ENGAGEMENT IN 2022
Clients	Meetings, negotiations, surveys, correspondence	Constantly	Operational activities, fulfillment of obligations	Yes (all methods)
Group employees and their families	Meetings, corporate media resources		Operational activities, directions and prospects of development, motivation	
Partners (suppliers)	Negotiations, meetings and correspondence		Operational activities, fulfillment of obligations	
Board of Directors	Reports, meetings and correspondence	Regularly	Operational activities, fulfillment of obligations, business strategy	
Investors and creditors	Reports, meetings and correspondence		Operational activities, fulfillment of obligations, business strategy	
Business associations	Meetings, negotiations and correspondence		Operational activities, business strategy, economic development	
Government Authorities	Negotiations and meetings	If necessary	Operational activities, economic development, development and support of local communities	Yes (minimal)
Educational Establishments	Meetings and negotiations		Economic development, development and support of local communities	
Mass media	Meetings, interviews		Operational activities, economic development, development and support of local communities	
Public organizations	Meetings		Operational activities, economic development, development and support of local communities	
Vulnerable groups of the population	Meetings		Development and support of local communities	Yes

Throughout 2022, interactions with clients, investors, creditors, employees, suppliers and the media focused overwhelmingly on discussing the risks associated with the continued operation of the Interpipe Group during the war. During the reporting period, interaction with stakeholders in the strategic area was minimal, but operational issues were discussed in greater detail. Thus, in 2022, we promptly responded to requests from stakeholders, made operational decisions to maintain a stable operation and minimize risks, including searching for alternative logistics routes and rebuilding production schedules.

While the discussions focused on key products and innovations in the pipe and wheel segments, representatives of the Interpipe Group primarily spread the news about the terrible consequences of Russia's full-scale invasion of Ukraine and the brave Ukrainian people, attracting even more support for Ukraine from foreign partners.

Also, during 2022, meetings and negotiations were held with key clients, in particular during sectoral international exhibitions:



June 21, 2022, Dusseldorf, Germany.
Meeting with key customers of the pipe division at the Tube&Wire 2022 exhibition.



September 22, 2022, Berlin, Germany.
Meeting with key customers of the railway products division at InnoTrans 2022 exhibition.



November 17, 2022, Kyiv, Ukraine.
Kyiv International Economic Forum 2022, where the transformation of the Group during the war was discussed with representatives of government bodies, media and associations.

ASSESSMENT OF MATERIAL (SIGNIFICANT) TOPICS AND MATERIALITY OF THE GROUP'S ANNUAL REPORT

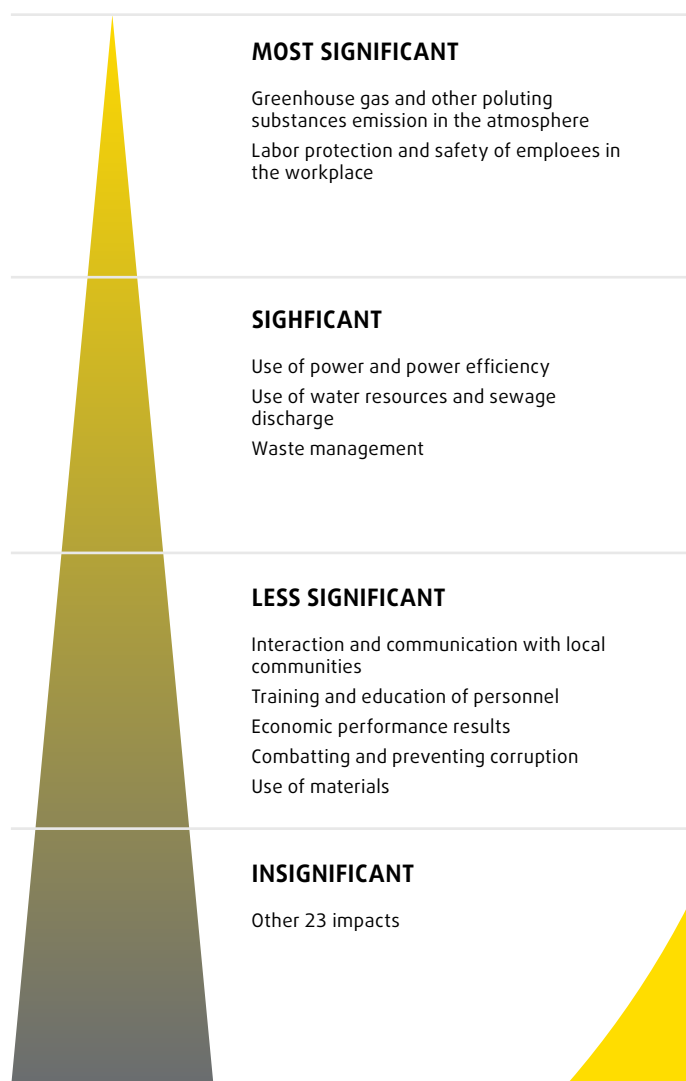
In order to disclose information in the 2022 Annual Report of the Interpipe Group that will be of the greatest interest to representatives of all groups of stakeholders and will be most relevant for business, we conducted a materiality assessment in accordance with the requirements of the GRI Standard 2021.

To this end, a comprehensive impact analysis of the Interpipe Group was carried out, which included the following steps:

1. Identifying significant existing and potential impacts that the Group has in the economic, social and environmental spheres.
2. Identifying significant existing and potential impacts, which have a positive or negative effect on the Group in the economic, social and environmental spheres.
3. Analysis of the Group's internal policies and standards.
4. Analysis of key trends, risks and opportunities in the production of steel, wheel and pipe products.
5. Analysis of significant topics of the world's leading metallurgical companies operating in the industries related to the Group's activities.
6. Analysis of news and media publications regarding key factors of the Group's activities during the reporting period.
7. Analysis of disclosure requirements under the SASB EM-IS "Iron & Steel Producers".

In addition, we discussed the list of identified significant impacts with internal experts representing various segments of the Group.

Based on the information collected and analyzed, using our professional judgment, we prioritized and ranked the impacts from most significant to least significant. From the list of 33 pre-defined impacts that are significant for the activities of the Interpipe Group, the following were identified for detailed disclosure in the Annual Report:



Recognizing our responsibility to all stakeholders regarding transparent business conduct, we also strive to disclose as much as possible in the Interpipe Group's 2022 Annual Report regarding other topics and impacts that were identified as insignificant during the materiality assessment.

ABOUT THIS REPORT

This annual report was published on December 29, 2023. It is the first for the Interpipe Group (further in the text also the Group, Interpipe), which comprehensively discloses both the operational and financial results of its activities, as well as information on the economic, environmental and social impacts of the Group. The purpose of this report is to ensure transparency about the Group's performance and its contribution towards sustainable development, as well as to manage the positive and negative impacts that the Group faced or generated during the reporting period.

This report covers the activities of the Interpipe Group for the period from 01.01.2022 to 31.12.2022. In some cases, additional information is provided for the subsequent reporting period, up to the publication of this Report. In the future, the group plans to prepare and publish such reports annually.

This report includes the following Group companies:

GROUP COMPANY NAME	COUNTRY	AREA OF ACTIVITY OF THE GROUP'S COMPANY
PJSC "Interpipe Nizhnedneprovsky Tube Rolling Plant"	Ukraine	Production of railway wheels, bandages, axles and wheelsets
JSC "Interpipe Novomoskovsk Pipe-Production Plant"	Ukraine	Production of welded pipes
"Interpipe Niko Tube" LLC	Ukraine	Seamless pipe production
Vallourec Niko Tube LLC	Ukraine	Varnishing and final processing of pipe products
"MP "Dneprosteel" LLC	Ukraine	Production of steel billets
"Dneprosteel-Energo" LLC	Ukraine	Electricity supply
"Transkom-Dnepr" LLC	Ukraine	Transport services
"Limestone factory" LLC	Ukraine	Limestone production
Society "Dishware Novomoskovsk" Ltd	Ukraine	Production of enameled tableware
JSC "Interpipe Dneprovttormet"	Ukraine	Steel scrap procurement and processing
"META" LLC	Ukraine	Recycling of steel scrap
"Research and development center "Quality" LLC	Ukraine	Research and development
"Interpipe Management" LLC	Ukraine	Management services
"Interpipe Ukraine" LLC	Ukraine	Trading
"KLW Ukraine" LLC	Ukraine	Trading
Interpipe Europe SA	Switzerland	Trading
Klw-Wheelco SA	Switzerland	Trading
North American Interpipe, Inc	USA	Trading
KLW North America, Inc	USA	Trading
Interpipe M.E, a free zone establishment with limited liability	UAE	Trading
Interpipe Central Trade GmbH	Germany	Trading
Steel.One Limited	Cyprus	Subholding
KLW Limited (former Saleks Investments Limited)	Cyprus	Subholding
Interpipe Limited	Cyprus	Former parent company, subholding
Interpipe Investments PLC	Cyprus	Performance fee debtor
IP Niko Tube GmbH	Germany	Subholding

“Luganskiy Kombinat Vtormet” LLC is not included in this Report due to the fact that since 2014 it has been located in the temporarily occupied Luhansk region of Ukraine and that its economic activities are temporarily halted. Additionally, inactive companies “Interpipe-M” LLC and “Interpipe Kazakhstan” LLC, which are not engaged in any business activity, were excluded from the Report. As of the date of publication of this Report, “Interpipe-M” LLC is in the process of liquidation.

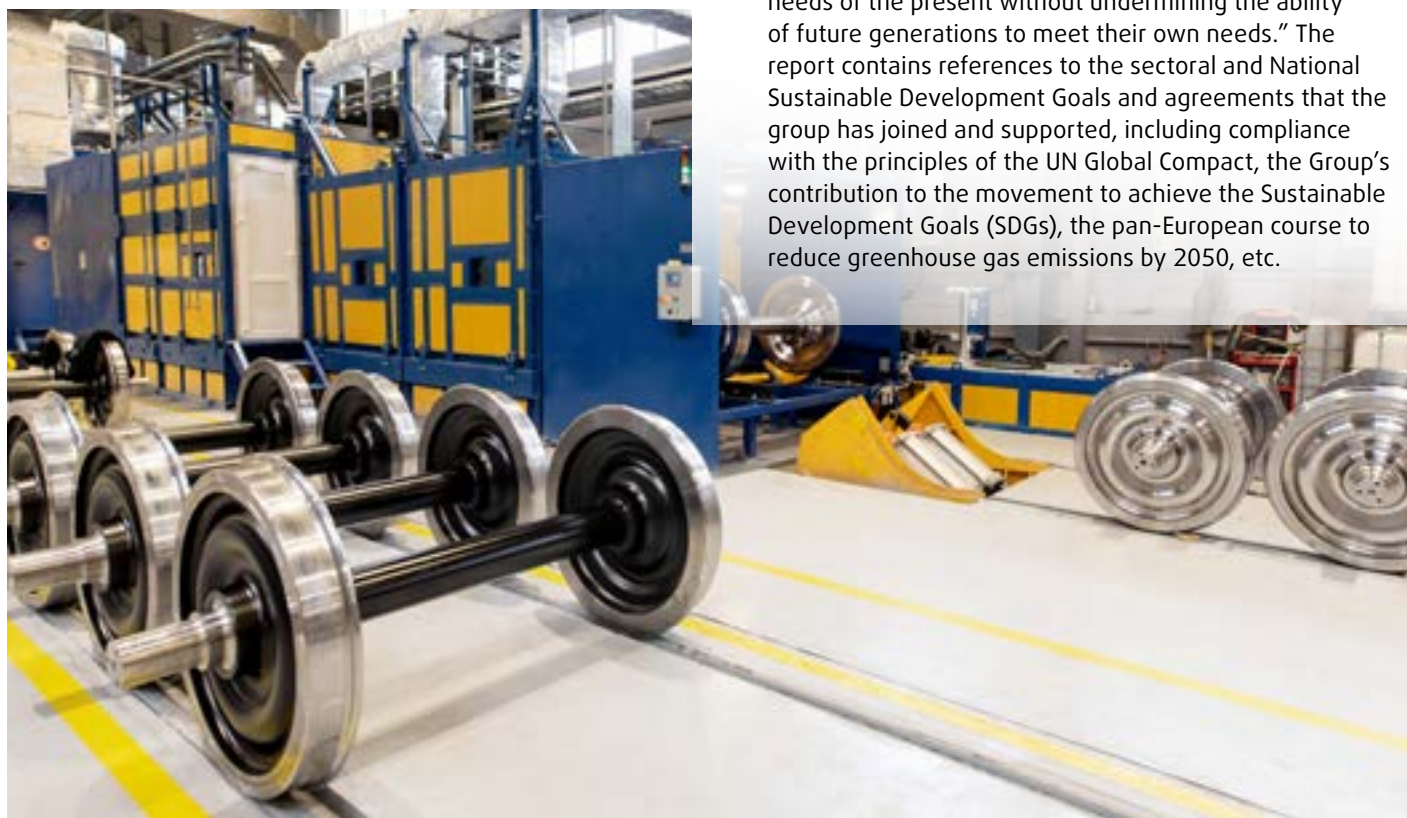
Compliance with International Reporting Standards contributes to the validity of assessments and facilitates effective decision-making for the further development of the Group's business model. It also fosters an effective and transparent communication process with representatives of all stakeholder groups. Hence, in order to achieve consistency and reliability in reporting, as well as to enhance global comparability for Report users, we have been guided by the requirements of internationally recognized reporting standards: GRI (Global Reporting Initiative) 2021 and SASB (Sustainability Accounting Standards Board).

As of the date of preparation of this Report, the GRI industry standard had not yet been published for the metallurgical sector, so the material topics and their determination process followed the standard procedure described in the section **Stakeholders and Material Topics of the Group**. According to SASB, Interpipe's financial activities fall under the SASB EM—IS industry standard “Iron & Steel Producers”.

In addition to the values, operational results and the Group's strategy, this Annual Report describes the Group's performance in the areas of Human Resources management, health and safety, resource use and environmental impact, as well as revealing the Group's corporate governance structure and financial results for 2022.

In the process of collecting data and preparing the Report, we took into account all 8 GRI principles:

1. **Balance.** We maintain impartiality and a fair balance between highlighting both existing as well as potential, negative as well as positive impacts resulting from our activities or affecting the Group's activities.
2. **Completeness.** The topics described in the Report and the completeness of their disclosure were defined in such a way as to provide users of the Report with a complete and fair understanding of the Group's activities, including in the field of sustainable development.
3. **Accuracy.** The accuracy in disclosing qualitative and quantitative information is ensured through evidence and defined methods of collecting, compiling and analyzing data that can be replicated with similar results.
4. **Availability.** Our approach ensures that data is available and understandable to all stakeholders in a format that eliminates undue efforts to understand the Report by users.
5. **Comparability.** When preparing our first Report, we chose standards, formats, and calculation methods based on the convenience of comparing and further analyzing changes both over time and among competing companies.
6. **Reliability.** The collection, consolidation and disclosure of information was carried out in such a way that its quality could be verified. In order to clearly highlight the Group's impact and avoid ambiguity, we have provided all the necessary details in the report with references to supporting source documents.
7. **Timeliness.** This report covers the results of the Group's activities for the 2022 calendar year and is prepared in the year following the reporting period, which allows users of the Report to receive up-to-date information in a timely manner.
8. **The Context of Sustainable Development.** We take into account the context of sustainable development in its broadest sense, namely, “development that meets the needs of the present without undermining the ability of future generations to meet their own needs.” The report contains references to the sectoral and National Sustainable Development Goals and agreements that the group has joined and supported, including compliance with the principles of the UN Global Compact, the Group's contribution to the movement to achieve the Sustainable Development Goals (SDGs), the pan-European course to reduce greenhouse gas emissions by 2050, etc.



DISCLAIMER STATEMENT

The Annual Report for 2022 shall not be considered as investment, legal, tax, or accounting advice by the Interpipe Group or any employee or other representative thereof, nor does it form a part of any offer for purchase, sale, or subscription of, or solicitation, or invitation of any offer to buy, sell, or to subscribe for any securities

The Annual Report for 2022 may also contain forward-looking information and statements. These may include financial projections and estimates and their underlying assumptions, statements regarding plans, objectives, and expectations with respect to future operations, and statements regarding future performance. Such information and statements are subject to various risks and uncertainties, many of which are difficult to predict, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements.

The Presentation is based on business, general economic, market, and other conditions that could be reasonably evaluated by the Interpipe Group as of the Annual Report for 2022 date. The business and financial conditions of the Interpipe Group are subject to change, which may not be reflected herein.

In furnishing this Annual Report for 2022, the Interpipe Group does not undertake any obligation to provide the recipients with access to any additional information or to update the Interpipe Group or any additional information or to correct any inaccuracies in any such information which may become apparent.

The Board of Directors of Interpipe have been informed by the Company's management about the content of this Annual Report.



FINANCIAL STATEMENTS OF THE GROUP

INTERPIPE HOLDINGS PLC

Consolidated Financial Statements

Year ended 31 December 2022 together with

Independent Auditor's Report

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MANAGEMENT'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their Report together with the accompanying Consolidated Financial Statements of Interpipe Holdings PLC (referred to herein as the "Company") and its subsidiaries (collectively referred to herein as the "Interpipe" or the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statements of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (the "Consolidated Financial Statements").

PRINCIPAL ACTIVITY AND SUBSIDIARIES

The Company was incorporated as a limited liability company under the name of Interpipe Holdings Limited in accordance with the Companies Law of Cyprus on 4 April 2019. It was changed to a public company with limited liability under the Laws of Cyprus and renamed to Interpipe Holdings PLC on 24 July 2019. The registered office and the principal place of business of the Company is Mykinon 8, P.C. 1065 Nicosia, Cyprus.

In the course of the legal reorganization of the Group, as disclosed in Note 32 to the accompanying Consolidated Financial Statements, the Company became a successor and a new reporting entity of the same pool of companies under common control previously consolidated under the predecessor reporting entity, Interpipe Limited (the "Former Parent").

The Company operates through a number of subsidiaries in various jurisdictions (the list of the subsidiaries is disclosed in Note 33 to the accompanying Consolidated Financial Statements) and has concentration of its business in Ukraine, where its production subsidiaries are located.

The principal activity of the Company, which is not changed from the prior year, is holding ownership interests in its subsidiaries, their financing and strategic management. The Group's activities, which is not changed from the prior year, comprise design, manufacture and distribution of steel tubes, solid-rolled railway wheels and steel billets.

DEVELOPMENT AND PERFORMANCE OF THE BUSINESS

The Group is the largest vertically integrated manufacturer of steel billets, steel pipes and railway wheels in Ukraine. The vertical integration secures cost control and global competitive advantage, leading position in cost amongst peers and performance in line with market leaders. Besides, it allows successful scaling of the production across all segments with preservation of low cost base. The Group is a significant player in (i) the steel pipes international market supplying its products to customers in more than 60 countries globally, and (ii) in the railway wheels market being the number one wheels' exporter in the world, with presence in more than 30 countries globally and sizable market share in every important geographical region.

Interpipe has developed and started implementation of the major strategic initiatives to transform its operational set up,

maintain the Group's liquidity position and its operational sustainability and improve its competitiveness in a short and longer term.

The Group's financial position and performance as at and for the year ended 31 December 2022 are set out on pages 14 and 15 of the accompanying Consolidated Financial Statements, respectively.

PRINCIPAL RISKS AND UNCERTAINTIES AND GOING CONCERN

The Group is largely exposed to the risks of operating environment in Ukraine.

The war in Ukraine that commenced with the Russian full scale invasion of Ukraine on 24 February 2022 is still ongoing. The military attack has led, and continues to lead, to significant casualties, dislocation of the population, damage to infrastructure and disruption to economic activity in Ukraine. Sea ports and airports remain closed and many roads and bridges have been damaged or destroyed, further crippling transportation and logistics. Economic activity started to recover due to the liberation of northern regions and a decrease in the number of regions affected by active hostilities.

Management of the Group has reorganized the business processes based on the following key assumptions:

- no further significant progression of Russian troops into the territory of Ukraine and no further escalation of military actions that could severely affect the Group's assets;
- Ukrainian logistics systems, both automobile and railroad, will allow internal and export shipments to be carried in a limited volume at least;
- the Group's operations will be focused on losses minimization, cash outflows reduction combined with the support of the key personnel together with core equipment functionality maintenance and preservation.

The Group will seek to utilize all available logistic channels in a most efficient way for the purpose of the products shipments facilitation and respective improvement of the financial position.

Further discussion on the operating environment and related risks of the Group and going concern considerations are included in Note 2 to the accompanying Consolidated Financial Statements.

Other principal operating and financial risks of the Group are discussed in Notes 35 and 37 to the accompanying Consolidated Financial Statements.

MAIN STRATEGIC OBJECTIVES

The Group's key long-standing strategic objectives are to diversify its geographical presence and product mix in order to enhance its position as a leading producer of pipes and wheels and to expand presence of its products in the global markets. The Group intends to pursue this strategy by increasing its seamless pipes and railway wheels production, enhancing its product mix, improving quality of its products and services, expanding its global presence and

MANAGEMENT'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

working more closely with its customers to deliver higher value-added products and services while improving profit margins. The Group is in the process of implementation of its strategic investment programme which should enable the Group's products to meet more challenging and demanding quality requirement in the new markets. The success of this initiative is viewed as the key success factor for the Group in penetrating new markets and diversifying the customer base to compensate for a significant reduction of demand in our traditional geographical segments.

For more information on operating environment and risks of the Group, refer to Note 2 to the accompanying Consolidated Financial Statements.

RESEARCH AND DEVELOPMENT

In 2022, the Group did not carry out any material research and development activities meeting capitalization criteria under IFRS.

ISSUED CAPITAL AND DISTRIBUTIONS

Details of the Company's equity accounts formation and changes are disclosed in Note 32 to the accompanying Consolidated Financial Statements.

The Company declared dividends in 2022 in the amount of USD 48,900 thousand. The Company paid these dividends in-kind (Note 17 and 32).

BRANCHES

The Group did not operate through any registered branches during the reporting periods.

BOARD OF DIRECTORS

As at 31 December 2022 composition and responsibilities of the Company's Board of Directors was as follows:

NAME	FUNCTION	DATE OF INITIAL APPOINTMENT TO THE BOARD OF DIRECTORS*
Ganna Khomenko	Non-Executive Director	9 December 2009
Yakiv Konstantynivsky	Non-Executive Director	20 July 2011
Iuliia Chebotarova	Non-Executive Director	10 October 2012
Philippe Bideau	Independent Non-Executive Director	15 June 2016
Oleksandr Kirichko	Non-Executive Director	1 December 2018
Thomas Myer Kearney	Independent Non-Executive Director	23 July 2020
Fiona Jane Mary Paulus	Independent Non-Executive Director	23 July 2020
Franz Josef Marx	Non-Executive Director	1 February 2022
Andrii Korotkov	Chief Executive Officer of Interpipe Holdings PLC	8 March 2022
Fadi Khaybe	Non-Executive Director	1 November 2016

Signed and authorised for issue on behalf of the Board of the Company:

Chief Executive Officer

Andrii Korotkov

Sergiy Kuz'menko

29 May 2023

There is no requirement in the Company's Articles of Association for the retirement of the Directors by rotation, the respective Directors presently members of the Board continue in the office.

The following changes occurred in Board of Directors' composition and responsibilities allocation during the year and up to the date of this report:

- In February 2022, Franz Josef Marx was appointed as a Non-Executive Director of the Company;
- In March 2022, Franz Josef Marx was appointed as a Chief Executive Officer of the Company (replacing Fadi Khaybe on this position) with a suspension of his duties for the 3 months until the 31st of May 2022;
- In March 2022, Andrii Korotkov was appointed as a Chief Executive Officer of the Company replacing Franz Josef Marx on this position during suspension period.
- In June 2022, Franz Josef Marx resigned from the position of the Chief Executive Officer of the Company.

Except for the changes disclosed above, there were no other changes in the assignment of responsibilities and remuneration of the Board of Directors during the year and up to the date of this report.

EVENTS AFTER THE REPORTING PERIOD

Events after the reporting period date are disclosed in Note 38 to the accompanying Consolidated Financial Statements.

INDEPENDENT AUDITORS

The independent auditors, Ernst & Young Cyprus Limited, have expressed their willingness to continue in office. A resolution proposing their reappointment and giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

STATEMENT OF THE DIRECTORS' AND MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

The following statement is made with a view to specifying the respective responsibilities of the directors and management in relation to the Consolidated Financial Statements of Interpipe Holdings PLC and its subsidiaries (collectively referred to as the "Group").

The directors and management are responsible for the preparation of the Consolidated Financial Statements that present fairly the consolidated financial position of the Group as at 31 December 2022 and the consolidated statements of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (hereafter "IFRS") and the Cyprus Companies Law, Cap.113.

In preparing the Consolidated Financial Statements, the Directors and management are responsible for:

- selecting suitable accounting principles and applying them consistently;
- making judgments and estimates that are reasonable and prudent;
- stating whether IFRS have been followed, subject to any material departures disclosed and explained in the Consolidated Financial Statements; and
- preparation of the Consolidated Financial Statements on a going concern basis, unless it is inappropriate to presume that the Group will continue in business for the foreseeable future.

The Directors and management, within their competencies, are also responsible for:

- designing, implementing and maintaining an effective system of internal controls, throughout the Group;
- maintaining statutory accounting records in compliance with local legislation and accounting standards in the respective jurisdictions of countries of incorporation;
- taking steps to safeguard the assets of the Group; and
- detecting and preventing fraud and other irregularities.

The Consolidated Financial Statements for the year ended 31 December 2022 were authorised for issue on 29 May 2023.

Chief Executive Officer

Andrii Korotkov

29 May 2023

Sergiy Kuz'menko

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

(in US dollars and in thousands)

	NOTES	31 DECEMBER 2022	31 DECEMBER 2021
ASSETS			
Non-current assets			
Property, plant and equipment	8	224,155	523,025
Intangible assets	9	3,642	5,097
Investments in associates	10	412	865
Investment in joint venture	11	-	2,396
Deferred tax assets	12	30,131	8,318
Prepaid income tax		153	162
Other non-current assets	15	17,025	6,919
		275,518	546,782
Current assets			
Inventories	13	173,530	214,398
Trade and other accounts receivable	14	134,632	188,967
Prepayments and other current assets	15	28,987	36,867
Prepaid current income tax		944	2,368
Taxes recoverable, other than income tax	16	32,600	21,445
Other current financial assets	17	-	50,478
Cash and cash equivalents	18	153,777	109,627
		524,470	624,150
TOTAL ASSETS		799,988	1,170,932
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Issued capital, net of unpaid	32	5	5
Share premium		94,277	94,277
Revaluation reserve		291,779	382,601
Retained earnings		1,313,973	1,125,863
Foreign currency translation reserve		(1,500,188)	(1,180,510)
		199,846	422,236
Non-controlling interests		5,901	13,182
Total equity	32	205,747	435,418
Non-current liabilities			
Subordinated loan	19	-	51,627
Long-term borrowings	20	344,534	387,031
Deferred tax liabilities	12	10,789	24,972
Provisions	21	18,820	40,524
		374,143	504,154
Current liabilities			
Current portion of the long-term borrowings and interest accrued and payable	20	45,132	35,580
Trade and other accounts payable	22	99,269	109,034
Advances and other current liabilities	23	39,861	58,481
Current income tax payable		29,815	18,864
Taxes payable, other than income tax	24	1,048	5,624
Provisions	21	4,973	3,777
		220,098	231,360
Total liabilities		594,241	735,514
TOTAL EQUITY AND LIABILITIES		799,988	1,170,932

Chief Executive Officer

Andrii Korotkov

Sergiy Kuz'menko

29 May 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

(in US dollars and in thousands)

	NOTES	2022	2021
Revenue	6	981,330	1,132,900
Cost of sales	25	(630,574)	(824,963)
Gross profit		350,756	307,937
Selling and distribution expenses	26	(122,817)	(101,036)
General and administrative expenses	27	(40,393)	(46,664)
Loss on fair value measurement of property, plant and equipment	8	(64,797)	(2,428)
Other operating income and expenses, net	28	(21,327)	11,601
Operating foreign exchange difference	29	175,955	(22,734)
Operating profit		277,377	146,676
Finance income	30	4,669	1,801
Finance costs	31	(54,963)	(44,538)
Non-operating foreign exchange difference	29	(5,798)	7,071
Share of loss of associates and joint venture	10, 11	(706)	(103)
Profit before tax		220,579	110,907
Income tax expense	12	(16,138)	(19,591)
Profit for the year		204,441	91,316
Profit attributable to:			
Equity holders of the parent		208,123	90,146
Non-controlling interests		(3,682)	1,170
		204,441	91,316
Other comprehensive (loss) / income to be reclassified to profit or loss in subsequent periods, net of income tax effect of nil:			
Exchange differences on translation of foreign operations	37	(322,394)	36,175
Net other comprehensive (loss) / income to be reclassified to profit or loss in subsequent periods, net of income tax effect of nil		(322,394)	36,175
Other comprehensive income / (loss) not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gain on defined benefit plans	21	13,989	4,537
Income tax effect	12	(2,518)	(817)
		11,471	3,720
Revaluation of property, plant and equipment	8	(90,596)	16,795
Income tax effect	12	16,307	(3,023)
		(74,289)	13,772
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		(62,818)	17,492
Other comprehensive (loss) / income for the year, net of tax		(385,212)	53,667
Total comprehensive (loss) / income attributable to:			
Equity holders of the parent		(173,490)	141,895
Non-controlling interests		(7,281)	3,088
		(180,771)	144,983

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

(in US dollars and in thousands)

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT						NON- CONTROLLING INTERESTS	TOTAL EQUITY
	ISSUED CAPITAL, NET OF UNPAID	SHARE PREMIUM	REVALUATION RESERVE	RETAINED EARNINGS	FOREIGN CURRENCY TRANSLATION RESERVE	TOTAL		
At 1 January 2021	5	94,277	389,390	1,242,919	(1,216,299)	510,292	10,194	520,486
Profit for the year	-	-	-	90,146	-	90,146	1,170	91,316
Other comprehensive income (Note 12, 21, 37)	-	-	12,240	3,720	35,789	51,749	1,918	53,667
Total comprehensive income	-	-	12,240	93,866	35,789	141,895	3,088	144,983
Depreciation transfer	-	-	(19,029)	19,029	-	-	-	-
Dividends declared (Note 32)	-	-	-	(230,000)	-	(230,000)	-	(230,000)
Acquisition of non-controlling interest (Note 33)	-	-	-	49	-	49	(100)	(51)
At 31 December 2021	5	94,277	382,601	1,125,863	(1,180,510)	422,236	13,182	435,418
Profit for the year	-	-	-	208,123	-	208,123	(3,682)	204,441
Other comprehensive income / (loss) (Note 12, 21, 37)	-	-	(73,406)	11,471	(319,678)	(381,613)	(3,599)	(385,212)
Total comprehensive income / (loss)	-	-	(73,406)	219,594	(319,678)	(173,490)	(7,281)	(180,771)
Depreciation transfer	-	-	(17,416)	17,416	-	-	-	-
Dividends declared (Note 32)	-	-	-	(48,900)	-	(48,900)	-	(48,900)
At 31 December 2022	5	94,277	291,779	1,313,973	(1,500,188)	199,846	5,901	205,747

Share premium is not available for distribution.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

(in US dollars and in thousands)

	NOTES	2022	2021
Profit before tax		220,579	110,907
Adjustments for:			
Depreciation and amortisation	25, 26, 27, 28	36,042	57,717
Impairment of property, plant and equipment and intangible assets	8	64,797	2,428
Loss / (gain) on disposal of property, plant and equipment and intangible assets	28	494	(1,256)
Non-cash movements in cost of sales	28	-	141
Finance costs	31	54,963	44,538
Finance income	30	(4,669)	(1,801)
Movement in provisions, less interest cost, and other movements		42,140	(33,629)
Share of loss / (gain) of associates	10	300	(115)
Share of loss of joint venture	11	406	218
Loss on purchase of acquisition of subsidiary	11	1,120	-
Foreign exchange difference		(175,675)	14,988
Operating cash flows before working capital changes		240,497	194,136
Increase in inventories		(26,545)	(52,920)
Decrease / (increase) in trade and other accounts receivable		36,819	(87,298)
Increase in prepayments and other assets		(9,511)	(12,465)
Increase in taxes recoverable, other than income tax		(18,580)	(2,307)
Increase in trade and other accounts payable		10,509	44,662
(Decrease) / increase in taxes payable, other than income tax		(3,431)	1,275
Decrease in advances and other current liabilities		(11,423)	(3,391)
Cash generated from operations		218,335	81,692
Income tax paid		(27,868)	(10,595)
Interest and other finance costs paid		(27,841)	(17,844)
Proceeds from income tax refund		-	3,532
Net cash inflow from operating activities		162,626	56,785
Cash flow from investing activities			
Purchases of property, plant and equipment and intangible assets		(21,206)	(62,676)
Proceeds from sale of property, plant and equipment		98	2,847
Purchase of other financial assets		-	(50,000)
Interest received		909	1,324
Net cash outflow from investing activities		(20,199)	(108,505)
Cash flows from financing activities			
Proceeds from borrowings	36	-	300,000
Repayments of borrowings	36	(95,671)	(6,529)
Dividends paid		-	(230,000)
Acquisition of non-controlling interest		-	(51)
Net cash (outflow) / inflow from financing activities		(95,671)	63,420
Net increase in cash and cash equivalents		46,756	11,700
Net foreign exchange difference		(2,606)	1,296
Cash and cash equivalents at period beginning		109,627	96,631
Cash and cash equivalents at period end	18	153,777	109,627

For the non-cash activities in relation to equity transactions, please refer to note 32 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(in US dollars and in thousands)

1. Corporate information

The Consolidated Financial Statements of Interpipe Holdings PLC (the "Company") and its subsidiaries (collectively, the "Interpipe" or the "Group") as at 31 December 2022 and for the year then ended were authorized for issue in accordance with the Company's Board Resolution on 26 May 2023.

The Company was incorporated as a limited liability company under the name of Interpipe Holdings Limited in accordance with the Companies Law of Cyprus on 4 April 2019. It was changed to a public company with limited liability under the Laws of Cyprus and renamed to Interpipe Holdings PLC on 24 July 2019.

The Company became a successor and a new reporting entity of the same pool of companies under common control previously consolidated under the predecessor reporting entity, Interpipe Limited (the "Former Parent"). The Former Parent was incorporated as a limited liability company under the name of Ramelton Holdings Limited in accordance with the Companies Law of Cyprus on 30 December 2005. It was renamed to Interpipe Limited on 15 May 2007 (Note 32).

The registered office and principal place of business of the Company (as well as of the Former Parent) is Mykinon 8, P.C. 1065 Nicosia, Cyprus.

The principal business activities of the Group are described in more detail in Note 6. Average number of employees for the year 2022 and 2021 equaled to 9.7 thousand and 9.6 thousand, respectively.

2. Operating environment and risks of the Group

The Consolidated Financial Statements have been prepared on a going concern basis that contemplates the realization of assets and satisfaction of liabilities and commitments in the normal course of business.

Environment in Ukraine

The war in Ukraine that commenced with the Russian invasion of Ukraine on 24 February 2022 is still ongoing. The military attack has led, and continues to lead, to significant casualties, displacement of the population, damage to infrastructure and disruption to economic activity in Ukraine. Sea ports and airports remain closed and many roads and bridges have been damaged or destroyed, further crippling transportation and logistics. Thanks to the rapid adaptation by businesses and households to the new conditions and improved results of in the second half of 2022, the decline in real GDP for the whole 2022 is estimated at 30.4% ($\pm 2\%$). According to the National Bank of Ukraine's (hereafter "NBU") most recent forecast, the NBU expects growth in real GDP to be weak in 2023 at 2%, increasing in 2024 to 4.3%, an accelerating in 2025 to 6.4%, however, the outlook could worsen sharply if the conflict lasts longer.

The war caused a disruption of supply chains, a decrease in supply of some goods, higher business costs, physical

destruction of production facilities and infrastructure (in the energy sector in particular), and temporary occupation of some territories. Persistently high energy prices and record-high inflation in partner countries also fuelled price pressures in Ukraine. Inflation expectations of businesses and households increased markedly. This was reflected in deteriorating maturity structure of bank deposits and higher spending on some durable goods, primarily imported goods. In the second half of 2022 inflation has stabilized, although it remains high at 26.6% as of the end of 2022; according to the NBU recent forecast it will decrease to 14.8% in 2023.

The Government has implemented emergency measures to stabilize markets and the economy, but the country faces large fiscal and external financing gaps. Ukrainian authorities have continued to service their external debt obligations and the country's payment system remains operational, with banks open and mostly liquid. International organizations (IMF, EBRD, EU, World Bank), along with individual countries and charities, are providing Ukraine with financing, donations and material support.

In June 2022, the NBU established the key policy rate at 25% p.a. compared with its previous level of 10% p.a. The updated forecast envisages maintaining this unchanged at least until Q1 2024. The NBU switched from a flexible to a fixed exchange rate regime at UAH 29.25 for 1 USD on the FX market to ensure the sound and stable operation of the country's financial system. Effective 21 July 2022, the NBU changed the official exchange rate of UAH against US Dollar by 25% and fixed it at a new level of UAH 36.57 as well as took additional measures to balance the foreign exchange market and support resilience of economy during the war. Despite the current unstable situation, the banking system remains stable, with sufficient liquidity even as martial law continues, all banking services are available to its customers, both legal entities and individuals.

The economic consequences are already very serious, the situation remains highly fluid and the outlook is subject to extraordinary uncertainty.

The Group's operations

The Group's utmost priority is the safety and security of the employees, and the second priority is the preservation of the assets and business continuity and the business processes have been adjusted respectively. The Group supports all its employees with the necessary financial support. The Group actively supports the Armed Forces of Ukraine and the Territorial Defence.

In March 2022, the production has been almost temporarily suspended subject to the reduction of the security risks for employees, minimization risks of destruction of assets and hampered procurement and logistic capabilities across Ukraine as well as unavailable export capacities through Odesa sea port, which has been the main export hub for the Group. Starting from April 2022, the operations were gradually resumed with an overall lower production capacity utilization as compared to the pre-war volumes including, but not limited to, the impact

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(in US dollars and in thousands)

of Russian missile strikes on electrical infrastructure at the end of 2022. The level of the Group's production remains dependent on Russian attacks on critical infrastructure in Ukraine, which affects the level of supply of power.

The Group's trading entities located outside of Ukraine operate on a normal basis facilitating and coordinating relations with clients all over the world and the Group seeks to utilize all available logistic channels in a most efficient way for the purpose of the products shipments.

The Group is fully compliant with all sanctions' rules and regulations imposed by various countries and organizations against Russian and Belarusian persons or organizations. The Group does not expect any impact of the imposed sanctions on the supplying chain and payments flow.

Debt service payments in 2022 were covered by available cash balances and operating cash flows from trade receivable settlements and sale of finished goods. As at 31 December 2022, the Group has sufficient funds on the current accounts with banks of USD 153,777 thousand (Note 18) to serve the existing debt for at least 12 months from the date of approval of these consolidated financial statements.

The Group considers the following expenses incurred during the year 2022 to be directly related to the war:

	2022
Loss on fair value measurement of property, plant and equipment (Note 8)	155,393
Charitable donations (Note 28)	19,200
	175,285

The full extent of the adverse impact on the Group's business generally is not yet known and will largely depend on the duration and extent of the military actions as well as on their impact on the Group's key production assets.

International trade regimes

The Group's target business model assumes an extensive geographical diversification of its sales and presence in different markets. The Group's ability to operate in particular regions is highly dependent on specific trade regimes.

In the USA market an administrative review of the antidumping duty order on import of OCTG pipes to the USA was initiated in July 2020. In February 2022 the dumping margin of 27.8% was determined instead of previously effective 7.47% on import of OCTG pipes produced by Interpipe with a further reduction to 1.55% in March 2023 due to the next administrative review completion. In 2022 the Group's seamless standard, line and pressure pipes remain subject to an antidumping duty with a dumping margin of 23.75% imposed in mid-2021. In addition, in June 2022 a safeguard tariff of 25% previously imposed for all steel products from Ukraine (including all of the Group's pipe products supplied to the USA market) was suspended till 1 of June 2023.

In the European market Interpipe's seamless pipe products were subject to 8.1% antidumping duty both in 2022 and 2021. Since 2019, the European Commission has put in place country-specific quotas for steel product imports, including Ukrainian seamless tubes and welded pipes, with 25% duty levied on any excess. In June 2022 the country-specific quota applicable to products originating from Ukraine and antidumping duty of 8.1% for seamless pipes were suspended till 5 of June 2023.

Going concern basis

The net assets of the Group were USD 205,747 thousand as at 31 December 2022 and USD 435,418 thousand as at 31 December 2021. The current assets exceeded current liabilities by USD 304,372 thousand and USD 392,790 thousand as at 31 December 2022 and 2021, respectively. As compared to 2021, the Group's revenue of USD 1,132,900 thousand decreased by about 13% together with an increased cash inflow from operating activities by 186% for the year 2022 mainly due to an increase in demand and prices for the Group's finished goods and the devaluation of UAH against hard currencies. In 2022, the Group incurred a net profit of USD 204,441 thousand comparatively to USD 91,316 thousand for 2021.

Notwithstanding the Group's performance in 2022 calendar year, ongoing military actions create material uncertainty for the Group in the future, including the risk of damage of assets and loss of inventory either through physical loss as a result of military actions or appropriation for military needs under the Martial Law in Ukraine and availability of the export routes. The full extent of the impact of further development of military actions on the Group's business is unknown, but its magnitude might be severe.

In order to analyze the impact of foregoing risks and support its going concern assumption, management has prepared cash flow forecast for the period of 12 months from the date of approval of the Consolidated Financial Statements, which shows that the Group's net operating cash flow will be positive. The management's forecast was grounded on the following significant assumptions and continuous management actions to support sustainability of the Group's operations:

- no further escalation of military actions that could severely affect or lead to damage of the Group's assets;
- the tubes market will remain stable, which will allow the Group to improve utilization of the production facilities;
- continuous monitoring of prices and control of scrap, fuel, electricity and gas costs;
- the possibility of shifting the production to night hours in case of limitation of electricity consumption during the daytime hours;
- re-arrangement of the logistics, including the alternative routes through foreign ports, road and rail, to ensure delivery of raw materials and fuel to the Group production plant and transportation of finished goods to customers;
- search for alternative suppliers to ensure uninterrupted supply of raw materials required in production;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(in US dollars and in thousands)

- optimization of cash flows, decrease of outstanding accounts receivable;
- reduction of expenses by cancellation of non-essential capital and operating expenses together with maintaining the equipment functional.

These management plans indicate that, taking into account current developments, the Group has adequate resources to continue in operational existence for the foreseeable future. The management acknowledges that future development of military actions and their duration represent a single source of material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Despite the single material uncertainty relating to the war in Ukraine, management continues to take actions to minimise the impact on the Group and thus believes that use of the going concern assumption for the preparation of these Consolidated Financial Statements is appropriate and that the Group will be able to manage various risks and will be able to continue its operations for the foreseeable future in the normal course of business.

3. Basis of preparation

STATEMENT OF COMPLIANCE

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union (EU) as well as in accordance with the requirements of the Cyprus Companies Law, Cap.113.

The Consolidated Financial Statements have been prepared on a historical cost basis except for property, plant and equipment and construction in progress, that are carried at a revalued amount, investment in associates and joint ventures accounted for using the equity method, post-employment benefits measured in accordance with the requirements of IAS 19 "Employee benefits" and financial instruments measured in accordance with the requirements of IFRS 9 "Financial instruments".

The preparation of the Consolidated Financial Statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and reported amounts of revenues and expenses during the reporting period.

Due to the inherent uncertainty in making those estimates, actual results reported in future periods could differ from such estimates. The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Consolidated Financial Statements are disclosed in Note 5.

The Consolidated Financial Statements are presented in US Dollars ("USD") and all values are rounded to the nearest thousand except when otherwise indicated; all expenses are shown in brackets (unless otherwise indicated in notes).

The Consolidated Financial Statements provide comparative information in respect of the previous period.

NEW AND AMENDED STANDARDS AND INTERPRETATIONS

During the current year the Group adopted all of the amendments to International Financial Reporting Standards (IFRS) adopted by the EU that are relevant to its operations and are effective for accounting periods beginning on 1 January 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The following amendments became effective as at 1 January 2022:

- Reference to the Conceptual Framework – Amendments to IFRS 3;
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16;
- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37;
- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter;
- IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities;
- IAS 41 Agriculture – Taxation in fair value measurements.

These new and amended standards had no impact on the consolidated financial statements of the Group.

BASIS OF CONSOLIDATION

The Consolidated Financial Statements comprise the financial statements of the Company (and of the Former Parent, where applicable) and its subsidiaries at 31 December 2022 and for the year then ended. At each reporting date, the Company, regardless of the nature of its involvement with an entity (the investee), determines whether it is a parent by assessing whether it controls the investee. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(in US dollars and in thousands)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. The financial statements of the subsidiaries are prepared for the same reporting period as the parent, using consistent accounting policies. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests represent the interest in subsidiaries not held by the Group. Non-controlling interests at the reporting date represent the non-controlling shareholders' portion of the fair value of the identifiable assets and liabilities of the subsidiary at the acquisition date and the non-controlling shareholders' portion of changes in net assets since the date of the combination. Non-controlling interests are presented within the shareholders' equity.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

4. Summary of significant accounting policies

FOREIGN CURRENCY TRANSLATION

The Consolidated Financial Statements are presented in the USD, which is the Company's functional and presentation currency. Items in the financial statements of each entity included in the Consolidated Financial Statements are measured using the functional currency determined for that entity. Transactions in foreign currencies are initially recorded in the functional currency at the rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences upon re-measurement are recognised in the profit or loss. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Ukrainian hryvnia is the functional currency of the subsidiaries domiciled in Ukraine. The functional currencies of the subsidiaries domiciled outside of Ukraine are as follows: the United States dollar for those registered in Switzerland, United Arab Emirates, Republic of Cyprus and the United States of America, Euro for a subsidiary in Germany and, Russian rouble for a subsidiary in Russia, and Kazakhstani tenge for a subsidiary in Kazakhstan.

As at the reporting date, the assets and liabilities of these companies are translated into the presentation currency of the Group at the rate of exchange at the reporting date. For the reporting year, the amounts presented in their statements of comprehensive income and cash flows are translated at the monthly weighted average exchange rates. All equity transactions and significant transactions relating to the statement of comprehensive income such as revaluation and impairment of property, plant and equipment and write down of inventories to net realisable value were translated using the exchange rate ruling at the date of transaction. The exchange differences arising on the translation are taken to a separate component of equity through the other comprehensive income.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the profit or loss.

NET INVESTMENTS IN FOREIGN OPERATIONS

Net investments in foreign operations are accounted in accordance with provisions of IAS 21 "The Effects of Changes in Foreign Exchange Rates".

Net investment is considered to be monetary item with the settlement which is neither planned nor likely to occur in the foreseeable future. Such monetary items may consist of intercompany loans and may include long-term receivables and payables.

In the Consolidated Financial Statements of the Group exchange differences arising on monetary items that are designated to form part of the net investments are recognised in other comprehensive income and taken to a separate component in equity during period of designation.

Exchange differences recognized in other comprehensive income should be reclassified from equity to profit or loss only on disposal of the respective net investment in accordance with provisions of IAS 21 "The Effects of Changes in Foreign Exchange Rates".

BUSINESS COMBINATIONS AND GOODWILL

Business combinations, except for those among entities under common control, are accounted for using the acquisition method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Acquisition-related costs are expensed as incurred and included in administrative expenses. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of acquisition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(in US dollars and in thousands)

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and a part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

For business combinations among entities under common control, in particular those representing legal reorganizations of the existing business without a change in control, the Group elected to apply pooling of interest method. Under this method assets and liabilities after the combination are recognized at the same carrying amounts as before the combination with the remaining differences, if any, recognized directly in equity.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment initially recognized at cost. Subsequently, property, plant and equipment are carried at revalued amounts, being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. When no market values are available, fair value of specific machinery and equipment is determined by using depreciated replacement cost approach. Fair values of other items of property, plant and equipment are determined by reference to market-based evidence, which are the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

The revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

As at 31 December 2022 the Group performed the fair value valuation of its property, plant and equipment resulting in revaluation loss recognised in profit or loss and other comprehensive income (Note 8).

As at 31 December 2021, revaluation was performed by independent appraiser.

The increase in the fair value of the Group's property, plant and equipment as at 31 December 2021 relates to the progress in stabilization of Ukrainian business environment and improved situation on the global markets. Despite the fact that the business environment remained unstable and geopolitical situation – complicated, the Ukrainian economy continued to show moderate growth and improved macroeconomic fundamentals.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is adjusted to the revalued amount of the asset.

Increases in carrying amount arising on revaluation of property, plant and equipment are recorded in other comprehensive income and credited to revaluation reserve in equity. However, such increase is to be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. If the asset's carrying amount is decreased as a result of the revaluation, the decrease is recognised in profit or loss. However, the decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation reserve.

As the asset is used by the Group, the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost is transferred to retained earnings. On the subsequent sale or retirement of a revalued property, the respective revaluation surplus carried in equity is transferred directly to retained earnings.

Depreciable amount is the cost or revalued amount of the item of property, plant and equipment less estimated residual value at the end of the useful life. Depreciation is calculated on a straight-line basis over the estimated remaining useful life of the assets, determined at the date of revaluation, or estimated useful life of the assets, determined at the date the asset is available for use.

The asset's residual values, useful lives and methods are reviewed, and adjusted, if appropriate, at each financial year end. Depreciation is calculated over the estimated remaining useful life of the assets as follows:

Buildings and structures	3-50 years
Machinery and equipment	1.5-25 years
Transport and motor vehicles	1-10 years
Fixtures and office equipment	1-7 years

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(in US dollars and in thousands)

Construction in progress comprises prepayments made and letters of credit issued for purchases of property, plant and equipment, as well as property, plant and equipment which have not yet been constructed. No depreciation is recorded on such assets until they are available for use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year when the item is derecognised.

The Group has the title to certain non-production and social assets, primarily buildings and social infrastructure facilities held by production subsidiaries in Ukraine, which do not meet the definition of an asset according to IFRS and are not included in the Consolidated Financial Statements.

LEASES

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section Impairment of non-financial assets.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments

include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term and low-value assets lease recognition exemption to its short-term leases of office equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option as well as leases where underlying assets are considered to be low value). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

INTANGIBLE ASSETS

Intangible assets include patents and trademarks, accounting and other software acquired separately from business combination and measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(in US dollars and in thousands)

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. Intangible assets are amortized using straight line method over estimated useful lives from three to eight years.

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The Group's investments in associates and joint ventures are accounted for under the equity method of accounting. An associate is an entity in which the Group has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated statement of comprehensive income reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the consolidated statement of comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying amount, and then recognizes the loss within "Share of profit of an associate and a joint venture" in the consolidated statement of comprehensive income.

IMPAIRMENT OF NON-FINANCIAL ASSETS

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. If any such

indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Impairment losses on non-revalued assets are recognised in profit or loss. However, an impairment loss on a revalued asset is recognised directly against any revaluation surplus attributable to the asset to the extent that the impairment loss does not exceed the amount of the revaluation surplus for that same asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in the prior years in profit or loss. After such the reversal, the depreciation charge in future periods is adjusted to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

DIVIDENDS

The Group recognises a liability to pay a dividend when the distribution is authorised, and the distribution is no longer at the discretion of the Company. A distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity. The Group measures a liability to distribute non-cash assets as a dividend to its owners at the fair value of the assets to be distributed. If the Group gives its owners a choice of receiving either a non-cash asset or a cash alternative, the Group estimates the dividend payable by considering both the fair value of each alternative and the associated probability of owners selecting each alternative. At the end of each reporting period and at the date of settlement, the Group reviews and adjusts the carrying amount of the dividend payable with any changes in the carrying amount of the dividend payable recognised in equity as adjustments to the amount of the distribution. When the Group settles the dividend payable, it recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the dividend payable in profit or loss.

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(in US dollars and in thousands)

FINANCIAL INSTRUMENTS – INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

FINANCIAL ASSETS

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (the “OCI”) and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 as described in the section Revenue from contracts with customers below.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are ‘solely payments of principal and interest (the “SPPI”)’ on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at Amortized cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- Financial assets at fair value through profit or loss.

As at 31 December 2022 and 2021, the Group had no financial assets at fair value through OCI with recycling of cumulative gains and losses, financial assets designated at fair value through OCI with

no recycling of cumulative gains and losses upon derecognition and financial assets at fair value through profit or loss.

Financial assets at amortized cost

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (the “EIR”) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognised, modified or impaired as well as through amortisation process.

The Group’s financial assets at amortized cost includes trade and other receivables, current and non-current deposits included under other current assets and other non-current assets, respectively.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the profit or loss.

This category includes liquidity, bonds and equity investments which the Group had not irrevocably elected to classify at fair value through OCI.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group’s consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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(in US dollars and in thousands)

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (the "ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months from the reporting date. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment. As an insolvency event (assumption that the contractor defaults), the Group recognises the failure to repay more than 90 days from the maturity of receivables, high probability of bankruptcy, pending bankruptcy/composition proceedings of the counterparty, legal dispute regarding the size or legitimacy of the claim being the basis for a given receivable and other qualitative information indicating the inability to fully satisfy all financial claims on the part of the counterparty.

II) FINANCIAL LIABILITIES

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and loans and borrowings. The Group also has the Performance Sharing Fee and Exit Fee at fair value through profit or loss. The Group has no derivative instruments designated as hedging instruments for effective hedging.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- financial liabilities at fair value through profit or loss
- financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

Financial liabilities at amortised cost (Accounts payable, loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of comprehensive income.

III) OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

INVENTORIES

Inventories are recorded at the lower of cost and net realisable value. Cost of inventory is determined on the first-in, first-out ("FIFO") basis, except for cost of work-in-process (comprising unfinished products and metal billets) which is determined on weighted average basis. The cost of finished goods and work in progress comprises raw material, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excluding borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Net realisable value adjustment is recognized within cost of sales.

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PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

PENSION OBLIGATIONS

In the normal course of business the Group contributes to the Ukrainian, Russian and Kazakhstani state pension schemes at the statutory rates in force during the year, based on gross salary payments; such expense is charged in the period the related salaries are earned. The Group has also agreed to provide certain defined contribution pension benefits in Switzerland and the USA. The Group has no legal or constructive obligations to pay further contributions in respect of those benefits. Its only obligation is to pay contributions as they fall due. These contributions are expensed as incurred.

In addition, the Group's Ukrainian production subsidiaries provide other post-employment benefits to their employees. There are two significant defined benefit post-employment plans in Ukraine, both of which are unfunded. These plans comprise:

- The Group's legal and contractual obligation to its employees to make one-off payment and other benefits according to the collective agreements on retirement of employees with long service, and
- The Group's legal obligation to compensate the Ukrainian state pension fund for additional pensions paid to certain categories of the eligible employees of the Group.

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method in respect of those employees entitled to such payments. Management uses actuarial techniques in calculating the liability related to these retirement obligations at each reporting date. Actual results could vary from estimates made to the date.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the consolidated statement of financial position of the Group with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service cost resulting from introduction of pension benefits is recognised immediately in the profit or loss.

INCOME TAX

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. Current tax expense is calculated by each entity on the pre-tax income determined in accordance with the tax law of a country in which the entity is incorporated, using tax rates enacted during the tax period when the respective transaction arises.

Deferred tax

Deferred income tax is recognised, using the balance sheet liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

Revenue from sale of steel products is recognised at the point in time when control of the asset is transferred to the customer, generally on dispatch or delivery of the products.

Revenue reflects the sale of finished products and services. The Group analyses the following five stages to determine the principle for recognizing revenue:

1. Identification of contract;
2. Identification of distinct performance obligations within the contract;
3. Evaluation of contract price;
4. Allocation of overall price to each performance obligation pro rata of their specific sale prices;
5. Recording of revenue when a performance obligation has been satisfied.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties). In determining the transaction price for the sale of steel products, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The existing contracts for the sale of steel products do not provide customers with a right of return of the products of good quality and do not include volume rebates, therefore do not result in variable consideration.

Significant financing component

Generally, the Group receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

COST OF SALES AND OTHER EXPENSES RECOGNITION

Cost of revenue that relates to the same transaction is recognised simultaneously with the respective revenue.

CASH AND CASH EQUIVALENTS AND SHORT-TERM DEPOSITS

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

At the date of authorisation of these Consolidated Financial Statements, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective and, in some cases have not yet been adopted by the EU:

	EFFECTIVE FOR ANNUAL PERIOD BEGINNING ON OR AFTER
Amendments to IFRS 17 Insurance contracts : Initial Application of IFRS 17 and IFRS 9 –Comparative Information (issued on 9 December 2021)	1 January 2023
Amendments to IAS 12 Income Taxes : Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021)	1 January 2023
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021)	1 January 2023
Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors : Definition of Accounting Estimates (issued on 12 February 2021)	1 January 2023
IFRS 17 Insurance Contracts (issued on 18 May 2017); including Amendments to IFRS 17 (issued on 25 June 2020)	1 January 2023
Amendments to IAS 12 Income Taxes : Temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax reform	1 January 2023
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures : Increase of transparency of companies' supplier finance	1 January 2024
Amendments to IAS 1 Presentation of Financial Statements :	
• Classification of Liabilities as Current or Non-current Date (issued on 23 January 2020);	
• Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on 15 July 2020); and	Not yet endorsed
• Non-current Liabilities with Covenants (issued on 31 October 2022)	
Amendments to IFRS 16 Leases : Lease Liability in a Sale and Leaseback (issued on 22 September 2022)	Not yet endorsed
IFRS 14 Regulatory Deferral Accounts (issued on 30 January 2014)	The EC has decided not to launch the endorsement process of the interim standard and to wait for the final IFRS Standard
For other Standards and Interpretations, the Directors do not expect that the adoption of the Standards and Interpretations will have a material impact on the Consolidated Financial Statements of the Group in future periods. There are no other IFRSs or IFRIC interpretations that are not yet effective but would be expected to have a material impact on the Group.	

5. Significant accounting judgements and estimates

1) ESTIMATION UNCERTAINTY

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Pension obligations under defined benefit plan

The Group collects information relating to its employees in service and pensioners receiving pension benefits and uses the actuarial valuation method for measurement of the present value of post-employment benefit obligations and related current service cost. These calculations require the use of demographic assumptions about the future characteristics of current and former employees who are eligible for benefits (mortality, both during and after employment, rates of employee turnover, disability and early retirement, etc.) as well as financial assumptions (discount rate and future projected salary).

Further details are disclosed in Note 21.

Valuation of property, plant and equipment

As described in Note 4, the Group applies the revaluation model to its property, plant and equipment.

At each reporting date the Group carries out the review of the carrying amount of these assets in order to determine whether it is materially different from the fair value. The majority of the Group's property, plant and equipment represent specialised items used in production process. Accordingly, management primarily uses the expected future cash flow models applied to the respective cash generating unit (the "CGU") and considers such approach to be the most appropriate in the current operating environment of the Group (Note 8).

Useful life of property, plant and equipment and residual value

The Group assesses the remaining useful lives of items of property, plant and equipment at least at each reporting date. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". These estimates may have a material impact on the carrying amount of property, plant and equipment and on depreciation recognised in the consolidated statement of comprehensive income.

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Impairment of property, plant and equipment

The Group assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. This requires an estimation of the value in use of CGU to which the item is allocated. Estimating the value in use /fair value less costs of disposal requires the Group to make an estimate of the expected future cash flows from CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

The Group also assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the Group estimates the recoverable amount of that asset.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (the "DCF") model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments (Note 7).

Net realisable value of inventories

Inventory is carried at lower of cost and net realisable value. Estimates of net realisable value of raw materials, work in progress and finished goods are based on the most reliable evidence available at the time the estimates are made. These estimates take into consideration fluctuations of price or cost directly relating to events occurring subsequent to the reporting date to the extent that such events confirm conditions existing at the end of the period (Note 13).

Taxes

Uncertainties may exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

If the Group concludes that it is 'probable' that the taxation authority will accept a specific tax treatment, then the Group determines its accounting for income taxes (e.g. in determining the related taxable profit (tax loss), tax bases, unused tax losses, unused tax credits, tax rates) consistently with the tax treatment.

Where the Group concludes that it is 'not probable' that the tax authority will accept a specific treatment, then the

Group reflects the effect of that uncertainty in its income tax accounting (e.g., in determining the related taxable profit (tax loss), tax bases, unused tax losses, unused tax credits, tax rates) in the period in which that determination is made. The effect of each uncertainty is reflected using either the 'most likely amount' method or the 'expected value' method whichever better predicts the resolution of the uncertainty.

Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. The estimation of that probability includes judgments based on the expected future performance.

Further details on taxes are disclosed in Note 12 and 35.

Value-added tax recoverable

Value-added tax ("VAT") recoverable is reviewed at each reporting date and reduced to the extent that it is no longer probable that a refund or VAT liabilities for netting will be available. The Group considers that the amount due from the state as at the reporting date will be either recovered in cash or reclaimed against the VAT liabilities related to sales.

Allowance for expected credit losses of financial assets

The Group uses a provision matrix to calculate ECLs for financial assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's financial assets is disclosed in Note 36.

II) JUDGEMENTS

Litigations

The Group exercises considerable judgment in measuring and recognising provisions and the exposure to contingent liabilities related to pending litigations or other outstanding claims subject to negotiated settlement, mediation or

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arbitration, as well as other contingent liabilities. Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, as well as in determining a possible range of any final settlement. Because of the inherent uncertainties in evaluation process, actual losses may be different from the originally estimated provision. These estimates are subject to change as any new information becomes available, primarily with the support of, as appropriate, internal specialists or outside consultants, such as legal counsel. Revisions to the estimates may significantly affect future operating results (Notes 21 and 35).

Designation of monetary items as part of net investment in foreign operations

Throughout the Group there are various intercompany balances between subsidiaries, including loans that are used to finance mainly capital expenditure projects as well as working capital requirements. The majority of these balances are denominated in the USD and are translated into the respective local functional currencies in the subsidiaries' local accounts. Balances for which settlement is neither planned nor likely to occur in the foreseeable future are, in substance, a part of the Group's net investment in that foreign operation and exchange differences on these balances are recognised in other comprehensive income and only reclassified from the equity to profit or loss on disposal of the respective net investment. It is the Group management's view that substantial part of the loans and other liabilities granted by the parent and subholding companies to its Ukrainian subsidiaries as from 1 January 2014 qualify as net investments in its foreign operations (Note 37).

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

6. Segment information

A business segment is a distinguishable component of the Group that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments.

For management purposes, the Group is organised into business units based on its products and services, and has four reportable operating segments as follows:

1. Pipes segment - production and distribution of:
 - Seamless oil country tubular goods ("OCTG"), used for oil and gas exploration and production;
 - Seamless transportation line pipes, used for oil and gas transportation in severe pressure and temperature conditions;
 - Seamless industrial pipes, used in a large variety of infrastructure and industrial applications;
 - Seamless special applications pipes, used in various applications by the machine-building, power and heat generation and petrochemical industries, among others;
 - Industrial welded pipes, used mainly in the construction industry and in local water distribution networks;
 - Transportation line welded pipes, used to transport water, crude oil and natural gas in moderate pressure and temperature conditions.
2. Railway wheels segment - production and distribution of extensive range of forged wheels used for freight cars, passenger carriages, locomotives and underground trains as well as tyres for wheel sets used on locomotives, underground trains and trams.
3. Steel making segment:
 - Collection and processing of scrap for internal consumption in steel billets production. Scrap not usable for the Group's production purposes is sold to external customers;
 - Production and distribution of pipe steel billets – used both for internal production of the extensive range of seamless pipes and distribution to the external customers;
 - Production and distribution of wheels steel billets – used for railway wheels production and distribution to the external customers.
4. Other operations segment - production and sales of enamel ware and other by-products and services.

The Group management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. The Group's financing activities (including finance costs and finance income) and income taxes are managed on the Group level and are not allocated to the operating segments.

Inter-segment sales primarily consisted of steel billets sold by "Metallurgical Plant Dneprosteel" LLC to JSC "Interpipe Nizhnedneprovsky Tube Rolling Plant" and "Interpipe Niko Tube" LLC, the cost of which was included in the cost of pipes and wheels.

Recognising the scope and magnitude of the steelmaking integration into and its influence on the pipes and railway wheels economy, the Group management decided to amend and expand segment information with additional allocation of the steel making EBITDA to pipes and wheels respective

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EBITDA pro-rata to relevant external revenues from sales of the Group products - thus, explicitly demonstrating the Group key final-product-segments (seamless pipes and railway

wheels) throughput results - leaving to the steel making segment only portion of the result attributable to the external steel billets sales.

Segment revenues and results

YEAR ENDED 31 DECEMBER 2022	PIPES	RAILWAY WHEELS	STEEL MAKING	OTHER OPERATIONS	TOTAL
Revenue	757,656	164,287	324,413	11,008	1,257,364
Elimination of sales to other segments	-	-	(276,034)	-	(276,034)
Revenue - external	757,656	164,287	48,379	11,008	981,330
Operating profit	155,461	31,350	89,654	912	277,377
Finance income					4,669
Finance costs					(54,963)
Non-operating foreign exchange difference					(5,798)
Share of loss of associates and joint venture					(706)
Income tax expense					(16,138)
Profit for the year					204,441

YEAR ENDED 31 DECEMBER 2021	PIPES	RAILWAY WHEELS	STEEL MAKING	OTHER OPERATIONS	TOTAL
Revenue	788,565	281,605	505,076	15,667	1,590,913
Elimination of sales to other segments	-	-	(458,013)	-	(458,013)
Revenue - external	788,565	281,605	47,063	15,667	1,132,900
Operating (loss) / profit	(47,132)	11,817	179,529	2,462	146,676
Finance income					1,801
Finance costs					(44,538)
Non-operating foreign exchange difference					7,071
Share of loss of associates and joint venture					(103)
Income tax expense					(19,591)
Profit for the year					91,316

For the year ended 31 December 2022 and 2021, share of loss of associates was attributable to pipes segment.

Segment assets, liabilities and other information

YEAR ENDED 31 DECEMBER 2022	PIPES	RAILWAY WHEELS	STEEL MAKING	OTHER OPERATIONS	TOTAL
Segment assets	318,723	113,306	133,896	3,998	569,923
Segment liabilities	80,603	50,032	31,330	796	162,761
Investment in associates and joint venture (Note 10 and 11)	412	-	-	-	412
Additions to property, plant and equipment (Note 8)	13,021	2,090	7,755	-	22,866
Movement in provisions	(1,589)	(3,855)	(568)	-	(6,012)
Other non-cash items	23,102	12,093	5,281	-	40,476
Effect of revaluation of property, plant and equipment	62,526	1,060	1,211	-	64,797

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Segment assets, liabilities and other information (continued)

YEAR ENDED 31 DECEMBER 2021	PIPES	RAILWAY WHEELS	STEEL MAKING	OTHER OPERATIONS	TOTAL
Segment assets	513,935	165,525	265,991	7,981	953,432
Segment liabilities	96,486	66,737	47,981	348	211,552
Investment in associates and joint venture (Note 10 and 11)	3,261	-	-	-	3,261
Additions to property, plant and equipment (Note 8)	36,631	16,699	10,685	-	64,015
Movement in provisions	(27,313)	134	(2,520)	-	(29,699)
Other non-cash items	1,393	(966)	1,931	-	2,358
Effect of revaluation of property, plant and equipment	(9)	(1,791)	4,228	-	2,428

Reportable segments' assets are reconciled to total assets as follows:

	31 DECEMBER 2022	31 DECEMBER 2021
Segment assets for reportable segments	566,337	948,712
Other operations	3,998	7,981
Unallocated		
Intangible assets	3,642	5,097
Deferred tax assets	30,131	8,318
Prepaid income tax (non-current)	153	162
Prepaid current income tax	944	2,368
Taxes recoverable, other than income tax	32,600	21,445
Prepayments and other current assets	8,406	16,744
Other financial assets	-	50,478
Cash and cash equivalents	153,777	109,627
	229,653	214,239
Total assets	799,988	1,170,932

Reportable segments' liabilities are reconciled to total liabilities as follows:

	31 DECEMBER 2022	31 DECEMBER 2021
Segment liabilities for reportable segments	161,965	211,204
Other operations	796	348
Unallocated		
Deferred tax liabilities	10,789	24,972
Taxes payable, other than income tax	1,048	5,624
Current income tax liabilities	29,815	18,864
Borrowings	386,177	419,100
Subordinated Loan	-	51,627
Interest payable	3,489	3,511
Dividends payable to non-controlling interest owners	160	216
Other liabilities	2	48
	431,480	523,962
Total liabilities	594,241	735,514

The Group measures the performance of its operating segments through a measure of earnings before interest, tax, depreciation and amortisation (the "EBITDA"). EBITDA is calculated as operating profit or (loss) plus depreciation and amortisation charge, plus impairment of property, plant, equipment and intangible asset, plus loss / (gain) on disposal of property, plant and equipment, plus extraordinary losses / (gains) and plus operating foreign exchange gain/(loss).

EBITDA is not a measure of financial performance under IFRS. The calculation of EBITDA by the Group may be different from

the calculations of similarly labelled measures used by other companies and it should therefore not be used to compare one company against another or as a substitute for analysis of the Group's operating results as reported under IFRS. EBITDA is not a direct measure of the Group's liquidity, nor is it an alternative to cash flows from operating activities as a measure of liquidity, and it needs to be considered in the context of the Group's financial commitments. EBITDA may not be indicative of the Group's historical operating results, nor is it meant to be predictive of the Group's potential future results. The Group believes that EBITDA provides useful information to

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the users of the Consolidated Financial Statements because it is an indicator of the strength and performance of the Group's ongoing business operations, including the Group's ability

to fund discretionary spending such as capital expenditure, acquisitions and other investments and the Group's ability to incur and service debt.

EBITDA by segments

YEAR ENDED 31 DECEMBER 2022	PIPES	RAILWAY WHEELS	STEEL MAKING	OTHER OPERATIONS	TOTAL
Operating profit	155,461	31,350	89,654	912	277,377
Depreciation and amortisation	9,027	9,337	17,541	137	36,042
Effect of revaluation of property, plant and equipment	62,526	1,060	1,211	-	64,797
Gain / (loss) on disposal of property, plant and equipment (Note 28)	(15)	244	265	-	494
Loss on purchase of acquisition of subsidiary	1,120	-	-	-	1,120
Operating foreign exchange difference	(120,586)	(44,614)	(10,755)	-	(175,955)
EBITDA	107,533	(2,623)	97,916	1,049	203,875
Reallocation of EBITDA from Steelmaking to Pipes and Railway wheels segments	61,198	25,702	(86,900)	-	-
EBITDA (on a pass-through basis)	168,731	23,079	11,016	1,049	203,875

YEAR ENDED 31 DECEMBER 2021	PIPES	RAILWAY WHEELS	STEEL MAKING	OTHER OPERATIONS	TOTAL
Operating (loss) / profit	(47,132)	11,817	179,529	2,462	146,676
Depreciation and amortisation	21,128	12,007	24,337	245	57,717
Effect of revaluation of property, plant and equipment	(9)	(1,791)	4,228	-	2,428
Loss on disposal of property, plant and equipment (Note 28)	(1,063)	(1)	(51)	-	(1,115)
Operating foreign exchange difference	15,388	2,960	4,386	-	22,734
EBITDA	(11,688)	24,992	212,429	2,707	228,440
Reallocation of EBITDA from Steelmaking to Pipes and Railway wheels segments	139,411	60,643	(200,054)	-	-
EBITDA (on a pass-through basis)	127,723	85,635	12,375	2,707	228,440

GEOGRAPHICAL INFORMATION

Revenues from external customers

	FOR THE YEAR ENDED 31 DECEMBER 2022	FOR THE YEAR ENDED 31 DECEMBER 2021
Europe	324,241	287,030
Americas	319,480	223,433
Ukraine	188,317	300,201
Middle East and Africa	110,576	158,524
Other CIS countries	27,123	134,453
Other countries	11,593	29,259
	981,330	1,132,900

Americas region includes the USA, Canada and Latin America countries. Other CIS countries region includes members of the Commonwealth of Independent States, except for Ukraine, which are presented as separate regions.

The revenue received from 1 major customer, individually exceeding 5% of total revenue, amounted to USD 56,233 thousand (2021: 1 major customer, individually exceeding 8% of total revenue, USD 83,408 thousand) arising from sales in Americas geographical segments.

Non-current assets

Non-current assets comprising property, plant and equipment, intangible assets are presented in the table below. Non-current assets are allocated by foreign countries in which the Group holds assets. If non-current assets in an individual foreign country are material, those assets are disclosed separately.

	31 DECEMBER 2022	31 DECEMBER 2021
Ukraine	227,428	527,012
Europe	58	102
Other countries	311	1,008
	227,797	528,122

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(in US dollars and in thousands)

7. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability

All assets and liabilities for which fair value is measured or disclosed in these Consolidated Financial Statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in these Consolidated Financial Statements on a recurring basis, the Group determines whether transfers have occurred between levels of the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The carrying amounts of financial instruments, consisting of cash at banks, short-term accounts receivable and payable, other financial assets, short-term loans and borrowings approximate their fair values.

Fair value measurement hierarchy for liabilities as at 31 December 2022:

	CARRYING AMOUNT
Fair value of liabilities:	
Borrowings and interest payable	
- borrowings at amortised cost	340,181
- financial liability at fair value	49,485
	389,666

FAIR VALUE MEASUREMENT USING				
FAIR VALUE	QUOTED PRICES IN ACTIVE MARKETS (LEVEL 1)	SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)	
340,181	-	340,181	-	
49,485	-	-	49,485	
389,666	-	340,181	49,485	

Fair value measurement hierarchy for liabilities as at 31 December 2021:

	CARRYING AMOUNT
Fair value of liabilities:	
Borrowings and interest payable	
- borrowings at amortised cost	344,486
- financial liability at fair value	78,125
	422,611

FAIR VALUE MEASUREMENT USING				
FAIR VALUE	QUOTED PRICES IN ACTIVE MARKETS (LEVEL 1)	SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)	
344,486	-	344,486	-	
78,125	-	-	78,125	
422,611	-	344,486	78,125	

There have been no transfers between Level 1 and Level 2 during 2022 and 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(in US dollars and in thousands)

8. Property, plant and equipment

Movement in property, plant and equipment and related accumulated depreciation for the years ended 31 December 2022 and 2021 was as follows:

	BUILDINGS AND STRUCTURES	MACHINERY AND EQUIPMENT	TRANSPORT AND MOTOR VEHICLES	FIXTURES AND OFFICE EQUIP-MENT	CONSTRUCTION- IN-PROGRESS AND UNINSTALLED EQUIPMENT	RIGHT-OF-USE ASSETS	TOTAL
Cost or valuation:							
At 1 January 2021	217,316	328,799	17,600	4,835	26,957	2,643	598,150
Additions	-	-	-	-	64,015	-	64,015
Transfers	5,717	24,444	345	971	(31,539)	62	-
Disposals and write-offs	(2,486)	(4,233)	(555)	(95)	(77)	-	(7,446)
Elimination against gross carrying amount	(38,058)	(119,090)	(5,561)	(3,099)	-	(1,592)	(167,400)
Revaluation	(18,156)	27,403	2,753	350	2,017	-	14,367
Translation difference	7,946	11,551	647	175	1,020	-	21,339
At 31 December 2021	172,279	268,874	15,229	3,137	62,393	1,113	523,025
Additions	-	-	-	-	22,866	-	22,866
Transfers	1,311	12,930	33	556	(14,830)	-	-
Disposals and write-offs	(22)	(910)	(40)	(100)	-	(458)	(1,530)
Elimination against gross carrying amount	(7,663)	(23,553)	(1,402)	(229)	-	(294)	(33,141)
Revaluation	(48,397)	(74,231)	(1,517)	(808)	(30,440)	-	(155,393)
Acquisitions of a subsidiary	18	2,979	-	218	-	-	3,215
Translation difference	(44,064)	(71,481)	(3,833)	(1,405)	(14,104)	-	(134,887)
At 31 December 2022	73,462	114,608	8,470	1,369	25,885	361	224,155
Accumulated depreciation and impairment:							
At 1 January 2021	25,332	78,110	3,829	2,046	-	1,077	110,394
Depreciation for the year	13,251	42,908	1,875	1,081	-	515	59,630
Disposals and write-offs	(1,462)	(4,178)	(287)	(93)	-	-	(6,020)
Elimination against gross carrying amount	(38,058)	(119,090)	(5,561)	(3,099)	-	(1,592)	(167,400)
Translation difference	937	2,250	144	65	-	-	3,396
At 31 December 2021	-	-	-	-	-	-	-
Depreciation for the year	8,998	26,256	1,569	777	-	294	37,894
Disposals and write-offs	(1)	(196)	(2)	(88)	-	-	(287)
Elimination against gross carrying amount	(7,663)	(23,553)	(1,402)	(229)	-	(294)	(33,141)
Translation difference	(1,334)	(2,507)	(165)	(460)	-	-	(4,466)
At 31 December 2022	-	-	-	-	-	-	-
Net book value:							
At 31 December 2021	172,279	268,874	15,229	3,137	62,393	1,113	523,025
At 31 December 2022	73,462	114,608	8,470	1,369	25,885	361	224,155

As at 31 December 2022 and 2021, property, plant and equipment with carrying amount of USD 14,775 thousand and USD 78,960 thousand, respectively, were pledged as a security for the Group's borrowings (Note 20).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(in US dollars and in thousands)

Revaluation increase / Decrease / Reversal of decrease:

At 31 December 2022

	BUILDINGS AND STRUCTURES	MACHINERY AND EQUIPMENT	TRANSPORT AND MOTOR VEHICLES	FIXTURES AND OFFICE EQUIPMENT	CONSTRUCTION- IN-PROGRESS AND UNINSTALLED EQUIPMENT	TOTAL
Loss on revaluation recognised in profit or loss	(8,739)	(25,135)	(193)	(542)	(30,188)	(64,797)
Loss on revaluations recognised in other comprehensive income	(39,658)	(49,096)	(1,324)	(266)	(252)	(90,596)
Total	(48,397)	(74,231)	(1,517)	(808)	(30,440)	(155,393)

At 31 December 2021

	BUILDINGS AND STRUCTURES	MACHINERY AND EQUIPMENT	TRANSPORT AND MOTOR VEHICLES	FIXTURES AND OFFICE EQUIPMENT	CONSTRUCTION- IN-PROGRESS AND UNINSTALLED EQUIPMENT	TOTAL
Loss on revaluation recognised in profit or loss	(4,636)	(10,653)	(90)	(238)	(1,685)	(17,302)
Reversal of loss on previous revaluation recognised in profit or loss	305	11,100	39	22	3,408	14,874
Loss on revaluations recognised in other comprehensive income	(43,257)	(24,053)	(1,333)	(41)	(3)	(68,687)
Gain on revaluations recognised in other comprehensive income	29,432	51,010	4,137	607	296	85,482
Total	(18,156)	27,404	2,753	350	2,016	14,367

The revalued property, plant and equipment are presented by buildings and structures; machinery and equipment; transport and motor vehicles; fixtures and office equipment; construction-in-progress and uninstalled equipment. Management determined that these constitute one category within the fair value hierarchy of assets under IFRS 13 (Level 3), based on the lowest level input, that is significant to the fair value measurement as a whole.

The Group used discounted cash flows method to determine the fair value for all groups of property plant and equipment as at 31 December 2022 (Note 5).

The most significant unobservable valuation inputs are listed below and their changes would result in a significant increase or decrease in fair value of the revalued assets:

- discount rate – 26.42%: significant increases (decreases) in discount rate in isolation would result in a significantly higher (lower) fair value on a linear basis;
- terminal growth rate – 2.4%: significant increases (decreases) in terminal growth rate in isolation would result in a significantly higher (lower) fair value on a linear basis;
- inflation rate – 2.0%: significant increases (decreases) in inflation rate in isolation would result in a significantly higher (lower) fair value on a linear basis.

The Group engaged an independent appraiser to determine the fair value for all groups of property plant and equipment as at 31 December 2021. Valuation analysis and estimates of value, performed by the independent appraiser, were based on historical, current and prospective information, adjusted for any difference in nature, location or condition of the specific property compared to similar assets and benchmarks used.

Depending on the item of the property plant and equipment, fair value was determined using the combination of the following three methods:

- comparative method;
- cost method;
- discounted cash flows method.

The most significant observable and unobservable valuation inputs are listed below and their changes would result in a significant increase or decrease in fair value of the revalued assets:

- price per square metre – 189-644 USD: significant increases (decreases) in estimated price per square metre in isolation would result in a significantly higher (lower) fair value on a linear basis;
- discount rate – 14.4%: significant increases (decreases) in discount rate in isolation would result in a significantly higher (lower) fair value on a linear basis;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(in US dollars and in thousands)

- terminal growth rate – 2.4%: significant increases (decreases) in terminal growth rate in isolation would result in a significantly higher (lower) fair value on a linear basis;
- inflation rate – 2.3-2.4%: significant increases (decreases) in inflation rate in isolation would result in a significantly higher (lower) fair value on a linear basis.

As at 31 December 2022 and 2021, the cost of fully depreciated items of property, plant and equipment, which remain in use, amounted to USD 936 thousand and USD 5,227 thousand, respectively.

If property, plant and equipment continued to be measured using cost model, their carrying amount would be as follows:

	BUILDINGS AND STRUCTURES	MACHINERY AND EQUIPMENT	TRANSPORT AND MOTOR VEHICLES	FIXTURES AND OFFICE EQUIPMENT	CONSTRUCTION-IN-PROGRESS AND UNINSTALLED EQUIPMENT	TOTAL
31 December 2021	73,907	163,020	5,060	2,753	62,554	307,294
31 December 2022	53,030	119,965	3,340	1,994	56,396	234,725

9. Intangible assets

Movement in intangible assets and related accumulated amortisation for the years ended 31 December 2022 and 2021 was as follows:

	PATENTS AND TRADEMARK	ACCOUNTING SOFTWARE	OTHER SOFTWARE	INTANGIBLE ASSETS UNDER DEVELOPMENT	TOTAL
Cost:					
At 1 January 2021	574	3,253	2,520	1,706	8,053
Additions	-	-	-	1,483	1,483
Transfers	(536)	1,282	1,214	(1,960)	-
Disposals	-	(1)	(149)	(50)	(200)
Translation difference	25	115	92	42	274
At 31 December 2021	63	4,649	3,677	1,221	9,610
Additions	-	-	-	649	649
Transfers	3	165	256	(424)	-
Disposals	-	(5)	(32)	(5)	(42)
Translation difference	(18)	(1,170)	(956)	(335)	(2,479)
At 31 December 2022	48	3,639	2,945	1,106	7,738
Accumulated amortisation and impairment:					
At 1 January 2021	73	1,506	2,002	770	4,351
Amortisation for the year	18	364	485	-	867
Disposals	(67)	-	(141)	(652)	(860)
Translation difference	5	51	71	28	155
At 31 December 2021	29	1,921	2,417	146	4,513
Amortisation for the year	4	403	394	-	801
Disposals	-	(1)	(24)	-	(25)
Translation difference	(9)	(505)	(642)	(37)	(1,193)
At 31 December 2022	24	1,818	2,145	109	4,096
Net book value:					
At 31 December 2021	34	2,728	1,260	1,075	5,097
At 31 December 2022	24	1,821	800	997	3,642

Accounting and other software is determined to have finite lives ranging from three to seven years; patents and trademark are determined to have finite lives ranging from three to eight years. Amortization of intangible assets is included in general and administrative expenses in the consolidated statement of comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(in US dollars and in thousands)

10. Investments in associates

The Group's investments in associates were as follows:

ENTITY	ACTIVITY	% OF THE GROUP OWNERSHIP	31 DECEMBER 2022	31 DECEMBER 2021
PJSC "Nikopolsky Tooling Plant"	Tooling for machines	25%	412	436
PJSC "Nikopolsky Repairing Plant"	Repairs	25%	-	429
PJSC "Teplogeneratzia"	Utility services	30%	-	-
			412	865

CJSC "Teplogeneratzia", CJSC "Nikopolsky Tooling Plant" and CJSC "Nikopolsky Repairing Plant" are entities incorporated in Ukraine. They are private companies not listed on any public exchange.

The following table illustrates summarised financial information of the Group's investments in associates:

	FOR THE YEAR ENDED 31 DECEMBER 2022	FOR THE YEAR ENDED 31 DECEMBER 2021
At period beginning	865	723
Share of (loss) /profit	(73)	115
Share of loss – impairment investments in associates	(227)	-
Translation difference	(153)	27
At period end	412	865

The Group's share in net assets of its associates was as follows:

	PJSC "TEPLO- GENERATZIA"	PJSC "NIKOPOLSKY TOOLING PLANT"	PJSC "NIKOPOLSKY REPAIRING PLANT"
At 31 December 2022			
Assets	-	904	-
Liabilities	-	(492)	-
Net assets – carrying amounts of investments	-	412	-

	PJSC "TEPLO- GENERATZIA"	PJSC "NIKOPOLSKY TOOLING PLANT"	PJSC "NIKOPOLSKY REPAIRING PLANT"
At 31 December 2021			
Assets	-	1,283	2,680
Liabilities	-	(847)	(2,251)
Net assets – carrying amounts of investments	-	436	429

The following table illustrates the Group's share in revenues and profit or loss of associates:

	FOR THE YEAR ENDED 31 DECEMBER 2022		FOR THE YEAR ENDED 31 DECEMBER 2021	
	REVENUE	PROFIT / (LOSS) FOR THE YEAR	REVENUE	LOSS FOR THE YEAR
PJSC "Teplogeneratzia"	1,133	-	7,707	-
PJSC "Nikopolsky Repairing Plant"	1,756	(155)	9,613	(12)
PJSC "Nikopolsky Tooling Plant"	932	82	7,613	127

The Group had a cumulative unrecognised share of losses in the amount of UAH 13,547 thousand from the associates with zero carrying value as at 31 December 2022 (31 December 2021: UAH 10,288 thousand). The associates with zero carrying value represented the associates which had negative net assets as at the reporting date. Considering that the Group has no formal obligation to fulfil its share of associates liabilities, the carrying value of the investment in respective associates are kept at zero in the financial statements. Associates had no contingent liabilities and commitments as at 31 December 2022 and 2021, respectively.

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(in US dollars and in thousands)

11. Investment in joint venture

In June 2018, Interpipe entered into a joint venture agreement with, Vallourec Tubes SAS ("Vallourec"). The parties invested into and launched the pipe finishing facility in Ukraine (Vallourec Niko Tube LLC) by creating a German limited liability company Vallourec Niko Tube Holding GmbH, whereas at 31 December 2021 49.9% is held by the Group (with the remainder comprising 50.1% held by Vallourec). The operation of the pipe finishing mill started in October 2018. The mill finished certain types of non-OCTG seamless tubes, which were then sold under the Vallourec brand.

Consistent introduction of the safeguard quotas and antidumping duties on Ukrainian steel products by the European Commission significantly affected the grounds of beneficial joint venture cooperation. The above-mentioned factors had not made it possible to provide full load for joint venture capacities. Since October 2021, line pipes in the European market have been sold under the Interpipe brand, as it was before the joint venture was established. Therefore, the Group and Vallourec agreed to terminate joint venture subject to the conditions precedent.

In February 2022, as finalisation of the joint venture dissolution Interpipe intended to purchase 50.1% held by Vallourec in a German limited liability company Vallourec Niko Tube Holding GmbH for the consideration of USD 2,194 thousand (equivalent of EUR 2,189 thousand). On 31 August 2022, all criteria set in share and purchase agreement signed on 21 December 2021 were met and closing memorandum was signed and new articles of association was established where Interpipe limited was new and sole owner of IP Niko Tube GmbH (ex- Vallourec Niko Tube Holding GmbH). Number of shares totalled to 25,000 and transactions costs were 2,500 EUR.

The interest in joint venture is accounted for using equity method in these Consolidated Financial Statements and its carrying amount so determined was USD 1,990 thousand and USD 2,396 thousand as at 31 August 2022 and as at 31 December 2021, respectively.

Summarised statement of financial position of Vallourec Niko Tube Holding GmbH:

	31 AUGUST 2022	31 DECEMBER 2021
Assets	1,990	2,396
Liabilities	-	-
Net assets - carrying amounts of investments	1,990	2,396

Summarised statement of profit or loss of Vallourec Niko Tube Holding GmbH:

	FOR THE YEAR ENDED 31 DECEMBER 2022	FOR THE YEAR ENDED 31 DECEMBER 2021
Revenue from contracts with customers	-	-
Loss for the year (continuing operations)	(814)	(437)
Other comprehensive income (continuing operations)	-	-
Total comprehensive loss (continuing operations)	(814)	(437)
Group's share of loss for the year	(406)	(218)

The joint venture had no contingent liabilities or commitments as at 31 August 2022 and 31 December 2021.

Summarised table of result of purchase agreement and include in Group of IP Niko Tube GmbH and Vallourec Niko Tube LLC:

	31 AUGUST 2022
Assets:	
Property, plant and equipment	3,215
Intangible assets	18
Trade and other receivables	58
Liabilities:	
Trade and other payables	(227)
Net assets at fair value	3,064
Group's investment in joint venture at fair value	(1,990)
Loss of the joint venture dissolution	1,120
Purchase consideration transferred	2,194

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(in US dollars and in thousands)

12. Income tax

Each subsidiary of the Group, except for Cyprus based subsidiaries, is treated as a separate taxpayer.

The components of income tax expense for the years ended 31 December 2022 and 2021 were as follows:

	FOR THE YEAR ENDED 31 DECEMBER 2022	FOR THE YEAR ENDED 31 DECEMBER 2021
Current income tax expense	(39,428)	(13,108)
Deferred income tax income/(expense)	23,290	(6,483)
	(16,138)	(19,591)

Income tax (expense) / benefit for the years ended 31 December 2022 and 2021 originated in the following tax jurisdictions:

	DOMESTIC TAX RATES APPLICABLE TO INDIVIDUAL GROUP ENTITIES AS AT		FOR THE YEAR ENDED 31 DECEMBER 2022	FOR THE YEAR ENDED 31 DECEMBER 2021
	31 DECEMBER 2022	31 DECEMBER 2021		
Ukraine	18%	18%	(7,013)	(13,224)
Russia	20%	20%	(374)	(596)
Switzerland	11%	11%	(5,900)	(1,260)
Germany	34%	34%	(21)	5
The USA	21%	21%	(2,819)	(2,956)
Cyprus	12.5%	12.5%	-	(1,560)
Kazakhstan	20%	20%	(11)	-
The UAE*	-	-	-	-
			(16,138)	(19,591)

* Tax (expense) / benefit calculated at domestic rates applicable to individual Group entities for 2022 and 2021 were affected by the financial results of the Group subsidiary, Interpipe M.E, a free zone establishment with limited liability, which is not subject to corporate tax in the United Arab Emirates. For the details of changes in geographical operations please refer to the Note 6.

Profit before tax for financial reporting purposes is reconciled to tax benefit as follows:

	FOR THE YEAR ENDED 31 DECEMBER 2022	FOR THE YEAR ENDED 31 DECEMBER 2021
Accounting profit before tax	220,579	110,907
Tax expenses calculated at domestic rates applicable to individual Group entities	(17,039)	(22,360)
Tax effect of non-deductible expenses	(5,893)	(4,204)
Tax effect of non-taxable incomes	8,928	-
Change in unrecognised deferred tax assets	(13,324)	6,123
Recognition of the tax asset relating to the change in an estimate of deductibility of certain temporary difference	8,997	264
Translation difference	2,370	(26)
Other differences	(177)	612
	(16,138)	(19,591)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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Deferred tax assets and liabilities related to the following:

	31 DECEMBER 2022	CHANGE RECOGNISED IN PROFIT OR LOSS	CHANGE RECOGNISED IN OTHER COMPREHENSIVE INCOME	TRANSLATION DIFFERENCE	31 DECEMBER 2021
Deferred tax liabilities:					
Investments' valuation	-	20	-	3	(23)
Accelerated depreciation for tax purposes and revaluation of property, plant and equipment for financial reporting purposes	(14,829)	11,642	7,265	1,247	(34,983)
	(14,829)	11,662	7,265	1,250	(35,006)
Deferred tax assets:					
Investments' valuation	24	24	-	-	-
Accelerated depreciation for tax purposes and revaluation of property, plant and equipment for financial reporting purposes	17,568	7,331	9,042	1,195	-
Accrued liabilities and provisions	2,305	3,865	(2,518)	(1,088)	2,046
Allowance for expected credit loss	3,036	1,467	-	(478)	2,047
Inventories valuation	15,454	15,270	-	(524)	708
Loans and interest payable	288	138	-	(46)	196
Other deferred tax assets	694	(159)	-	(174)	1,027
Tax losses carried forward	34,265	(2,984)	-	(2,493)	39,742
	73,634	24,952	6,524	(3,608)	45,766
Unrecognized deferred tax asset	(39,463)	(13,324)	-	1,275	(27,414)
Deferred income tax expense from origination and reversal of temporary differences		23,290	13,789		

Presented in the consolidated statement of financial position as follows:

Deferred tax assets	30,131	8,318
Deferred tax liabilities	(10,789)	(24,972)

	31 DECEMBER 2021	CHANGE RECOGNISED IN PROFIT OR LOSS	CHANGE RECOGNISED IN OTHER COMPREHENSIVE INCOME	TRANSLATION DIFFERENCE	31 DECEMBER 2020
Deferred tax liabilities:					
Investments' valuation	(23)	(30)	-	-	7
Accelerated depreciation for tax purposes and revaluation of property, plant and equipment for financial reporting purposes	(34,983)	1,715	(3,023)	(88)	(33,587)
	(35,006)	1,685	(3,023)	(88)	(33,580)
Deferred tax assets:					
Accrued liabilities and provisions	2,046	(3,927)	(817)	(558)	7,348
Allowance for expected credit loss	2,047	(328)	-	186	2,189
Inventories valuation	708	(1,783)	-	577	1,914
Loans and interest payable	196	(1)	-	7	190
Other deferred tax assets	1,027	(530)	-	1,018	539
Tax losses carried forward	39,742	(7,724)	-	(1,560)	49,026
	45,766	(14,293)	(817)	(330)	61,206
Unrecognized deferred tax asset	(27,414)	6,123	-	(295)	(33,242)
Deferred income tax expense from origination and reversal of temporary differences		(6,483)	(3,840)		

Presented in the consolidated statement of financial position as follows:

Deferred tax assets	8,318	24,219
Deferred tax liabilities	(24,972)	(29,835)

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The deferred tax effect on tax losses carried forward was as follows:

COUNTRY OF ORIGIN	FOR THE YEAR ENDED 31 DECEMBER 2022	FOR THE YEAR ENDED 31 DECEMBER 2021
Ukraine	12,387	13,626
Cyprus	21,597	22,597
The USA	85	3,270
Switzerland	-	28
Kazakhstan	196	221
	34,265	39,742

Tax losses carried forward are available for offset against future taxable profits of the companies in which the losses arose for 20 years in the USA, for 5 years in Cyprus, 10 years in Kazakhstan and indefinitely in all other jurisdictions.

As at 31 December 2022 and 2021, the Company has not recognised deferred tax liability in respect of temporary differences amounting to USD 915 thousand and USD 38,528 thousand, respectively, associated with investments in the Group subsidiaries as the Company is able to control the timing of the reversal of those temporary differences and does not intend to reverse them in the foreseeable future.

13. Inventories

Inventories at lower of cost and net realisable value consisted of the following:

	31 DECEMBER 2022	31 DECEMBER 2021
Raw materials	31,379	82,882
Work in process	13,823	30,914
Finished goods	128,328	100,602
	173,530	214,398

As at 31 December 2022 and 2021, the Group inventories balances are carried at lower of cost or net realizable value and, accordingly, the write down adjustments bringing the inventories to the net realisable values amounted to USD 36,251 thousand and USD 5,990 thousand, respectively.

14. Trade and other accounts receivable

Trade and other accounts receivable consisted of the following:

	31 DECEMBER 2022	31 DECEMBER 2021
Trade accounts receivable	141,484	195,736
Less allowance for expected credit losses	(11,905)	(10,363)
	129,579	185,373
Other receivables	13,109	10,715
Less of allowance for expected credit losses	(8,056)	(7,121)
	5,053	3,594
	134,632	188,967

As at 31 December 2022 and 2021, trade receivables were not pledged as a security for the Group's borrowings.

Movement in expected credit losses is disclosed in Note 36. As at 31 December 2022 and 2021, the allowance for impairment of trade accounts receivable included USD 362 thousand and USD 299 thousand, respectively, of the allowance that was determined individually in respect of debtors with significant financial difficulties or with estimated high probability of their insolvency. An impaired trade account receivable is written off against the allowance when there is no reasonable expectation of recovering the contractual cash flows. Trade receivables are non-interest bearing and are generally collected within a three-month term.

As at 31 December 2022 and 2021, 65% and 57% of trade accounts receivable, respectively, were due from twenty major customers.

15. Prepayments and other current assets

Prepayments consisted of the following:

	31 DECEMBER 2022	31 DECEMBER 2021
Prepayments to suppliers	19,493	18,663
	19,493	18,663

Other current assets consisted of the following:

	31 DECEMBER 2022	31 DECEMBER 2021
Guarantee deposits	8,362	8,451
Restricted bank deposit	44	8,293
Prepaid insurance expense	88	638
Other current assets	1,000	822
	9,494	18,204

As at 31 December 2022 and 2021, the guarantee deposits represented collateral for US customs bond and restricted bank deposits were related to the letters of credit issued by banks in favour of the Group's suppliers with the contractual maturity exceeding 3-month period.

Non-current portion of collateral for US customs bond is presented in other non-current assets as at 31 December 2022 and 2021.

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16. Taxes recoverable, other than income tax

Taxes recoverable, other than income tax consisted of the following:

	31 DECEMBER 2022	31 DECEMBER 2021
Value-added tax recoverable	32,590	21,288
Other taxes recoverable	10	157
	32,600	21,445

VAT recoverable primarily originated in Ukraine.

17. Other current financial assets

The investment portfolio measured at fair value through profit and loss by reference to published price quotations in an active market and consisted of the following:

	31 DECEMBER 2022	31 DECEMBER 2021
Liquidity	-	3,306
Bonds	-	19,841
Equities	-	27,331
	-	50,478

In 2022, the negative change in fair value of the investment portfolio was recognized in finance cost (Note 31) in the amount of USD 1,578 thousand.

In January 2022, the Company declared dividends (Note 32), which were paid in-kind by distribution of investment portfolio to owners / shareholders with a fair value of USD 48,900 thousand.

18. Cash and cash equivalents

Cash and cash equivalents consisted of the following:

	31 DECEMBER 2022	31 DECEMBER 2021
Current accounts and deposits on demand at banks	153,432	93,972
Time deposits at banks with maturity less than three months	333	15,638
Cash in hand	12	17
	153,777	109,627

As at 31 December 2022 and 2021, cash and cash equivalents with carrying amount of USD 174 thousand and USD 6,899 thousand, respectively, served as a cash cover for the the letters of credit issued by banks in favour of the Group's suppliers and guarantees issued by banks in favour of the Group's customers with the contractual maturity of less than 3 months.

As at 31 December 2022 and 2021, cash and cash equivalents were not placed as security for the Group's borrowings (Note 20).

Cash in banks is placed with the financial institutions with the following ratings:

	31 DECEMBER 2022	31 DECEMBER 2021
As rated by Fitch:		
AA	62,622	26,067
A	60,324	25,442
BBB	1,465	10,106
B	6,040	27,411
Not rated and other	23,326	20,601
	153,777	109,627

19. Subordinated loan

In 2014, the shareholders provided the Group with the unsecured loan of USD 40 million to support its short-term liquidity position (the "Subordinated Loan") with the repayment subordinated (including interest accrued thereon) originally subject to 2011 Restructured facilities and EAF facilities (Note 20) priority and full settlement. The principal amount bore an interest at a rate of 10.5% per annum compounding annually.

On 4 October 2019, the total amount of the Subordinated Loan with interest accrued to that date of USD 69,204 thousand was (i) reassigned from the Former Parent to the Company as the borrower, (ii) made interest-free and (iii) its maturity and repayment terms were reset and subordinated to the Notes 2024 and the New Facility Agreement (amount of USD 45,808 thousand was repaid in full in 2019). Accordingly, as at that date, the carrying amount of the Subordinated Loan was remeasured and recognized at its fair value with subsequent measurement at amortised cost using EIR method (EIR of 10.25% p.a.) with the initial recognition gain taken directly to equity.

On 22 July 2022, total amount of the Subordinated Loan USD 69,204 thousand was paid in full.

20. Borrowings and interest payable

As at 31 December 2022 and 2021 interest bearing borrowings comprised:

	31 DECEMBER 2022	31 DECEMBER 2021
Notes 2026	298,339	297,936
Performance Sharing Fee (fair value)	49,485	78,125
General Loan Facility (principal)	37,706	41,886
	385,530	417,947
Interest payable (current)	3,489	3,511
Lease liability	647	1,153
Total borrowings and interest payable	389,666	422,611
Current portion of long-term borrowings	45,132	35,580
Long-term borrowings	344,534	387,031

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The Notes 2026 were 8.375% senior secured notes due in 2026 and included in the Securities Official List of the Luxembourg Stock Exchange.

The General Loan Facility was granted by a Ukrainian bank to a Group's Ukrainian subsidiary and consisted of EUR 30,000 thousand term loan and revolving EUR 7,000 thousand facility due in 2025 and 2023, respectively. The interest rate under the General Loan Facility was set at 4.50% for the first year and UIRD 12m EUR + 3.88% onwards. The General Loan Facility is secured by the pledge of certain items of movable property of the Group's Ukrainian subsidiary and sureties granted by other Ukrainian subsidiaries of the Group.

The Performance Sharing Fee represented obligations, contingent upon the Group's performance after occurrence of the Final Repayment Date. The sensitivities of the Performance Sharing Fee carrying amount are further disclosed in Note 37.

As at 31 December 2021, the carrying amount of the Performance Sharing Fee was determined at its fair value based on the best management estimates available to-date: the estimated performance of the Group in the Performance Assessment Period of the 2 half year 2021 – 1 half year 2024 as the notional annualized amounts in the range of USD 211-218 million of the Group EBITDA multiplied by the Applicable Percentage of 15% and using EIR of 14.43% p.a. with a shift in payment for one year plus 115 days after each of the 12 month periods then ending.

As at 31 December 2022, the carrying amount of the Performance Sharing Fee was determined at its fair value based on the best management estimates available to-date: the estimated performance of the Group in the Performance Assessment Period of the 2 half year 2022 – 1 half year 2024 as the notional annualized amounts in the range of USD 190-204 million of the Group EBITDA multiplied by the Applicable Percentage of 15% and using EIR of 26.42% p.a. with a shift in payment for one year plus 115 days after each of the 12 month periods then ending.

	2022	2021
Fair value at the beginning of the year	78,125	64,948
Performance Fee re-measurement (Note 30, 31)	(3,759)	13,178
Performance Fee's payment	(24,880)	-
Other changes	(1)	(1)
Fair value at the end of the year	49,485	78,125

As at 31 December 2022 and 2021, no assessment is made for the obligations under the Performance Fee Agreement since the amount and timing of the underlying capital transaction (if any) or the Net Proceeds thereof could not be reliably established.

As at 31 December 2022 and 2021, the long-term lease liability comprised USD 27 thousand and 603 thousand, respectively; short-term lease obligations comprised USD 620 thousand and USD 550 thousand, accordingly.

Security package and pledges of assets

As at 31 December 2022 and 2021, the General Loan Facility is secured by the pledge of the certain items of movable property of the Group's Ukrainian subsidiary with the carrying amount of USD 14,775 thousand and 78,960 thousand, respectively (Note 8), and sureties granted by other Ukrainian subsidiaries of the Group.

On 26 January 2021, the Group redeemed in full the Notes 2024, achieving the Final Repayment Date. Hence the property, plant and equipment, inventories, trade receivables and cash and cash equivalent pledges related to the Notes 2024 were released accordingly.

As at 31 December 2022 and 2021, there was no pledge of the Group subsidiaries' shares and participatory interest.

As at 31 December 2022 and 2021, the Group was subject to certain covenants:

- under Notes 2026 related primarily to the limitation of the dividends distribution and new borrowings;
- under General Loan Facility (Net Debt / EBITDA > 3.0, Debt Service Coverage Ratio > 1.25, etc.) related to new borrowings.

In case of breach of any of the covenants, the management will apply all necessary and available remediation actions. The Group was in compliance with the covenants as at 31 December 2022 and 2021.

21. Provisions

Provisions and employee benefits included the following:

	31 DECEMBER 2022	31 DECEMBER 2021
Provision for customers' and other claims	2,271	424
Defined benefit state pension plan	20,433	41,537
Retirement benefit plan	1,089	2,340
	23,793	44,301
Provision – current portion	(4,973)	(3,777)
Provision – non-current portion	18,820	40,524

Non-current portion of the provisions relates to defined benefit state pension plan and retirement benefit plan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(in US dollars and in thousands)

Changes in the provisions:

	PROVISION FOR CUSTOMERS' AND OTHER CLAIMS	DEFINED BENEFIT STATE PENSION PLAN	RETIREMENT BENEFIT PLAN	TOTAL PROVISIONS
At 1 January 2021	32,230	41,197	2,103	75,530
Charge for the year	(384)	1,674	323	1,613
Payments and utilisation	(205)	(2,839)	(163)	(3,207)
Reversal	(31,312)	-	-	(31,312)
Translation difference	95	1,505	77	1,677
At 31 December 2021	424	41,537	2,340	44,301
Charge for the year	2,123	(7,565)	(570)	(6,012)
Payments and utilisation	(185)	(2,578)	(52)	(2,815)
Reversal	-	-	-	-
Translation difference	(91)	(10,961)	(629)	(11,681)
At 31 December 2022	2,271	20,433	1,089	23,793

For the years ended 31 December 2022 and 2021, interest costs attributable to the defined employee benefits and amounting to USD 4,795 thousand and USD 4,938 thousand, respectively, were included in finance costs in the consolidated statement of comprehensive income.

PROVISION FOR CUSTOMERS' AND OTHER CLAIMS

Provision for customers' and other claims represents provision for probable losses and costs which the Group might incur relating to customers' possible future quality claims with respect to some new products and pipe solutions designed, delivered and sold by the Group where technical probation is still ongoing and other litigations (Note 35) filed against the Group in the courts. Reversal for the year ended 31 December 2022 amounted to USD 2,123 thousand (reversal of USD 31,696 thousand for the year ended 31 December 2021) is included in the consolidated statement of comprehensive income.

DEFINED BENEFIT STATE PENSION PLAN

Production subsidiaries of the Group domiciled in Ukraine have a legal obligation to compensate the Ukrainian State Pension Fund for additional pensions paid to certain categories of the former and existing employees of the Group. Under the plan the Group's employees who have qualifying working experience in health hazardous environment and thus eligible to early retirement are entitled to additional compensations financed by the Group and paid through the Ukrainian State Pension Fund. These obligations fall under definition of a defined benefit plan.

The following tables summarise the components of benefit expense recognised in the consolidated statement of comprehensive income and the amounts recognised in the consolidated statement of financial position with respect to the plan. Benefit expense, with the exception of interest cost, is included in payroll and related expenses within costs of sales (Note 25). Interest cost is included in finance costs (Note 31).

Benefit expense recognised in the profit or loss section of the consolidated statement of comprehensive income

	FOR THE YEAR ENDED 31 DECEMBER 2022	FOR THE YEAR ENDED 31 DECEMBER 2021
Interest cost (Note 31)	4,535	4,698
Current service cost	999	1,284
	5,534	5,982

Changes in the present value of the defined benefit state pension plan

	FOR THE YEAR ENDED 31 DECEMBER 2022	FOR THE YEAR ENDED 31 DECEMBER 2021
Present value at the beginning of the year	41,537	41,197
Current service cost	999	1,284
Interest cost (Note 31)	4,535	4,698
Payment	(2,578)	(2,839)
Re-measurement losses / (gains) on defined benefit plans:		
- changes in financial assumptions	(10,554)	(6,807)
- experience adjustments	(2,545)	2,417
Translation difference	(10,961)	1,587
Present value at the end of the year	20,433	41,537

The average duration of the defined benefit state pension plan at the end of the reporting period is 15.0 years (2021: 15.8 years).

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RETIREMENT BENEFIT PLAN

Some production subsidiaries of the Group domiciled in Ukraine have contractual commitments to pay certain lump-sum payments to the retiring employees with a long service period as well as certain other post retirement and employment benefits according to the collective agreements. The following tables summarise the components of benefit expense recognised in the consolidated statement of comprehensive income and the amounts recognised in the consolidated statement of financial position with respect to the plan. Benefit expense, with the exception to interest cost, is included in payroll and related expenses within cost of sales and general and administrative expenses as appropriate. Interest cost is included in the finance costs (Note 31).

Benefit expense recognised in the consolidated statement of comprehensive income

	FOR THE YEAR ENDED 31 DECEMBER 2022	FOR THE YEAR ENDED 31 DECEMBER 2021
Interest cost (Note 31)	262	240
Current service cost	58	89
Past service cost	-	141
	320	470

Changes in the present value of retirement benefit plan

	FOR THE YEAR ENDED 31 DECEMBER 2022	FOR THE YEAR ENDED 31 DECEMBER 2021
Present value at the beginning of the year	2,340	2,103
Current service cost	58	89
Past service cost	-	141
Interest cost (Note 31)	262	240
Payment	(52)	(163)
Re-measurement losses / (gains) on defined benefit plans:		
- changes in financial assumptions	(578)	(237)
- experience adjustments	(312)	90
Translation difference	(629)	77
Present value at the end of the year	1,089	2,340

The average duration of the retirement benefit plan at the end of the reporting period is 17.3 years (2021: 17.5 years).

PRINCIPAL ASSUMPTIONS APPLICABLE TO ALL PLANS

The principal assumptions used in determining defined benefit obligations for the Group's defined benefit plans are shown below:

	31 DECEMBER 2022	31 DECEMBER 2021
Annual discount rate	23.1%	13.3%
Annual salary increase rate	17% in 2023, 5.8% afterwards	13% in 2022, 5.5% afterwards
Staff turnover	8%	8%
Mortality	0.97	0.97

Sensitivity analysis

A quantitative sensitivity analysis for significant assumption as at 31 December 2022 is as shown below:

ASSUMPTIONS	DISCOUNT RATE		FUTURE SALARY INCREASES		STAFF TURNOVER		ANNUAL MORTALITY	
SENSITIVITY LEVEL	1% INCREASE	1% DECREASE	1% INCREASE	1% DECREASE	25% INCREASE	25% DECREASE	10% INCREASE	10% DECREASE
Impact on the net defined benefit obligation	(927)	1,057	100	(51)	(136)	208	(165)	211

The sensitivity analysis above were made based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

22. Trade and other accounts payable

Trade and other accounts payable consisted of the following:

	31 DECEMBER 2022	31 DECEMBER 2021
Trade accounts payable to suppliers	94,685	104,093
Dividends payable to non-controlling interest owners	160	216
Other accounts payable	4,424	4,725
	99,269	109,034

Trade accounts payable are non-interest bearing and are generally settled within a three-month term.

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23. Advances and other current liabilities

Advances and other current liabilities consisted of the following:

	31 DECEMBER 2022	31 DECEMBER 2021
Advances from customers	25,437	44,924
Short-term employee benefits	13,598	13,107
Other current liabilities	826	450
	39,861	58,481

Advances from customers comprise the advances received for the Group's products which are to be supplied to these customers within a twelve-month period and are recognized as revenue from sales in full amount in subsequent period.

24. Taxes payable, other than income tax

Taxes payable, other than income tax consisted of the following:

	31 DECEMBER 2022	31 DECEMBER 2021
VAT payable	43	2,584
Accrued and withheld payroll taxes	871	2,053
Other miscellaneous taxes payable	134	987
	1,048	5,624

25. Cost of sales

Cost of sales consisted of the following:

	FOR THE YEAR ENDED 31 DECEMBER 2022	FOR THE YEAR ENDED 31 DECEMBER 2021
Materials	(268,434)	(441,031)
Energy and utilities	(121,859)	(138,042)
Duties	(61,157)	(46,460)
Payroll and related expenses*	(41,623)	(66,875)
Accrual of adjustment of inventories to NRV, net	(35,449)	(2,374)
Depreciation	(26,831)	(54,010)
Services of third parties	(19,594)	(12,333)
Transport services		
Freight	(19,567)	(12,177)
Rolling tools and instruments	(10,902)	(22,715)
Repairs and maintenance	(8,741)	(16,370)
Variable land lease payments	(4,483)	(6,932)
Land tax	(278)	(548)
Other	(11,656)	(5,096)
	(630,574)	(824,963)

* Payroll and related expenses line includes social insurance and other payroll related taxes in amount of USD 5,888 thousand for the year ended 31 December 2022 (31 December 2021: USD 12,639 thousand).

26. Selling and distribution expenses

Selling and distribution expenses consisted of the following:

	FOR THE YEAR ENDED 31 DECEMBER 2022	FOR THE YEAR ENDED 31 DECEMBER 2021
Forwarding and transportation services	(93,492)	(64,311)
Payroll and related expenses*	(11,448)	(9,883)
Storage and packaging expenses	(4,199)	(8,626)
Expected credit impairment accruals of trade receivables, net (Note 36)	(3,934)	(1,476)
Professional fees, related to market research, and other service fees	(3,339)	(3,707)
Provision for claims, net	(1,838)	380
Advertising and promotion	(1,212)	(1,290)
Insurance expense	(820)	(8)
Depreciation	(584)	(759)
Sales agency fees	(550)	(2,975)
Customs services and duties	(472)	(6,879)
Other	(929)	(1,502)
	(122,817)	(101,036)

* Payroll and related expenses line includes social insurance and other payroll related taxes in amount of USD 1,072 thousand for the year ended 31 December 2022 (31 December 2021: USD 779 thousand).

27. General and administrative expenses

General and administrative expenses consisted of the following:

	FOR THE YEAR ENDED 31 DECEMBER 2022	FOR THE YEAR ENDED 31 DECEMBER 2021
Payroll and related expenses*	(27,052)	(29,393)
Professional fees	(6,609)	(8,598)
Depreciation and amortisation	(2,420)	(2,948)
Bank fees	(812)	(603)
Business trips and transportation	(658)	(861)
Rent (for items exempt under IFRS 16 – low-value and short-term)	(564)	(728)
Insurance expense	(526)	(579)
Communication	(344)	(384)
Taxes, other than income tax	(339)	(628)
Repairs and maintenance	(133)	(302)
Other	(936)	(1,640)
	(40,393)	(46,664)

* Payroll and related expenses line includes social insurance and other payroll related taxes in amount of USD 3,875 thousand for the year ended 31 December 2022 (31 December 2021: USD 3,993 thousand).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(in US dollars and in thousands)

28. AUDITORS' REMUNERATION

Auditors' remuneration for the year ended 31 December 2022 is included in professional fees above and comprises statutory audit fee for the audit of these Consolidated Financial Statements and stand-alone financial statements of certain Group subsidiaries of USD 373 thousand (2021: USD 523 thousand) as well as non-audit fees of USD 124 thousand (2021: USD 38 thousand).

28. Other operating income and expenses

Other operating income and expenses consisted of the following:

	FOR THE YEAR ENDED 31 DECEMBER 2022	FOR THE YEAR ENDED 31 DECEMBER 2021
Maintenance of social assets*	(19,892)	(2,166)
Production downtime costs**	(12,893)	-
Write-off of impairment of prepayments and other assets	(2,789)	(55)
Loss of the joint venture dissolution (Note 11)	(1,120)	-
(Loss) / gain on disposal of property, plant and equipment and intangible assets	(494)	1,115
Customers' and other claims, net of reversals	(285)	4
Impairment of other assets	(19)	(68)
Gain on disposal of by-products	2,176	11,561
Other gain***	13,989	1,210
	(21,327)	11,601

* Maintenance of social assets line includes charitable donations which directly related to the war of USD 19,200 thousand for the year ended 31 December 2022 (31 December 2021: nil).

** Production downtime costs line includes depreciation property, plant and equipment of USD 6,207 thousand and payroll and related expenses of USD 2,638 thousand for the year ended 31 December 2022.

*** Other gain line includes customs reimbursements of USD 11,723 thousand for the year ended 31 December 2022 (31 December 2021: nil).

29. Operating and non-operating foreign exchange difference

Foreign currency translation differences on monetary assets and liabilities consisted of the following:

	FOR THE YEAR ENDED 31 DECEMBER 2022	FOR THE YEAR ENDED 31 DECEMBER 2021
Operating foreign exchange gains / (losses) originated on		
trade accounts receivable	167,036	(32,002)
settlements with suppliers	85	15,900
other operating exchange difference	8,834	(6,632)
	175,955	(22,734)
Non-operating foreign exchange gains / (losses) originated on		
loans payable other than those designated as hedging items	(8,126)	7,886
cash balances	2,328	(815)
	(5,798)	7,071

30. Finance income

Finance income consisted of the following:

	FOR THE YEAR ENDED 31 DECEMBER 2022	FOR THE YEAR ENDED 31 DECEMBER 2021
Performance Sharing Fee re-measurement (Note 20)	3,759	-
Interest income	909	1,040
Change in FV of financial instruments (Note 17)	-	478
Other finance income	1	283
	4,669	1,801

31. Finance costs

Finance costs consisted of the following:

	FOR THE YEAR ENDED 31 DECEMBER 2022	FOR THE YEAR ENDED 31 DECEMBER 2021
Interest expense	(26,870)	(17,834)
Subordinated Loan discount unwinding	(17,577)	(4,800)
Defined benefit state pension plan interest costs (Note 21)	(4,535)	(4,698)
Insurance expenses	(2,576)	(1,147)
Change in FV of financial instruments (Note 17)	(1,578)	-
Amortisation costs	(403)	(294)
Retirement benefit plan interest costs (Note 21)	(262)	(240)
Performance Sharing Fee re-measurement (Note 20)	-	(13,178)
Other finance costs	(1,162)	(2,347)
	(54,963)	(44,538)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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32. Equity

The Group was formed in April – September 2006 through a series of transactions that ultimately resulted in the Former Parent obtaining controlling ownership interest in the subsidiaries from entities which were under common control at the time of the above reorganisation. As part of the reorganisation all the shares of the Former Parent have been transferred to and, since 2006 are ultimately held by a number of discretionary trusts established to operate the Group as well as certain other investments.

In the course of the legal reorganization of the Group, as disclosed in Notes 1 and 33 to the Consolidated Financial Statements, the Company became a successor and a new reporting entity of the same pool of companies under common control previously consolidated under the predecessor reporting entity of the Former Parent.

As part of the Restructuring in 2019, the new parent for the Group (the Company), with substantially the same ownership structure (held by the same discretionary trusts) as the Former Parent (see details below), was established. Accordingly, the Former Parent became a subsidiary of the Company and an interim holding company within the Group holding structure.

Mr. Viktor Pinchuk, a citizen of Ukraine, and his family members are beneficiaries of these discretionary trusts. The trustees engaged to manage the trusts are professional, experienced and reputable trust management companies.

Issued capital and capital distribution of the Former Parent (Interpipe Limited)

Upon its incorporation on 30 December 2005, the Former Parent issued to the subscribers of its Memorandum of Association 1,000 ordinary shares of CY£1 each at par. On 22 December 2006, the Former Parent issued 4,000 additional ordinary shares of CY£1 each at a premium of CY£ 41,033 each for a total premium of CY£164,132 thousand, which is equivalent to USD 361,091 thousand, translated at historic rate.

During the period from March to June 2008 a set of amendments was made to the authorised share capital of the Former Parent, including conversion of the authorised share capital into euro, a subdivision of existing shares, a merge of the Company's shares and two additional issues of shares both before the merge and after it.

In December 2011, the Former Parent issued 1,950,000 additional ordinary shares of EUR 0.01 each (equivalent of USD 26 thousand) at a premium of EUR 25 each for a total premium of EUR 48,591 thousand, which is equivalent of USD 64,974 thousand, translated at historic rate.

In 2019, the Former Parent issued 50,000 additional ordinary shares of EUR 0.01 each (equivalent of USD 1 thousand). This newly issued shares of the Former Parent were allocated to the Company in exchange for contribution of the Group intercompany loans (which the Company became party to in a capacity of the lender - as a result and consequence of assignments of the third-party borrowings from the Group non-Cyprus subsidiaries to the Company to act in a capacity of the borrower to such external

third-party lenders as was required by the Restructuring terms and conditions) in two transactions as follows:

- (i) the first lot of 25,000 ordinary shares at a premium of EUR 15,800 thousand each for a total premium of EUR 395 million, which is equivalent of USD 434 million, translated at historic rate, and
- (ii) the second lot of 25,000 ordinary shares at a premium of EUR 4,640 thousand each for a total premium of EUR 116 million, which is equivalent of USD 129 million, translated at historic rate.

As a result of the above mentioned transactions, as at 31 December 2022 and 2021, the number of shares amounted to 4,002,000,000 ordinary shares of EUR 0.01 each and the authorised, issued and fully paid capital of the Former Parent amounted to EUR 40,020 thousand (equivalent of USD 62,305 thousand). The shares of the Former Parent are not listed.

Issued capital and capital distribution of the Company (Interpipe Holdings PLC)

Upon its incorporation on 4 April 2019, the Company issued and allotted to the subscribers of its Memorandum of Association 5,000 ordinary shares of EUR 1 each (equivalent of USD 6 thousand). Further, on 11 July 2019, the Company issued additional 25,000 ordinary shares of EUR 1 each (equivalent of USD 28 thousand) and allotted them to substantially the same subscribers as upon its incorporation.

The subscribers under the Company's Memorandum of Association (as well as under the further additional subscription) are the same discretionary trusts – shareholders of the Former Parent. The allocation of the Company's shares retain the same holding structure of the shareholders as existed in the Former Parent's share capital.

The following transactions with the Company's ordinary shares were carried out in 2019, prior to the Restructuring Effective Date:

- (i) All, but one, of the Company's shareholders have exchanged 4,001,949,200 ordinary shares in the Former Parent for the Company's 4,340 ordinary shares retaining the holding structure and proportions vis-à-vis each other substantially the same as existed in the share capital of the Former Parent. The exchange resulted in (i) the Former Parent becoming a 99.99998% subsidiary of the Company and (ii) par value of the shares of EUR 4,340 (equivalent of USD 5 thousand) were exchanged for the respective value of the Former Parent equity in amount of EUR 40,015 thousand (equivalent of USD 44,282 thousand) thus, at a premium of USD 44,277 thousand, (iii) the Group retained the same composition and structure which assured seamlessness of the Group corporate reporting framework and (iv) the remainder 800 ordinary shares of the Former Parent are retained by one of the Company's shareholders and constitute a minority interest of 0.00002% for the Company holding the Former Parent as well as has immaterially (USD 28 thousand) dilutive impact on the Group subsidiaries effective ownership (Note 33).
- (ii) One of the shareholders paid USD 50 million cash equity contribution in exchange for the Company's 10 ordinary shares with par value of EUR 10 (equivalent of USD 0 thousand) thus, at a premium of USD 50,000 thousand.

The shares of the Company are not listed.

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Unpaid share capital

As at 31 December 2022 and 2021, the Company's 25,650 ordinary shares at par value of EUR 26 thousand (equivalent of USD 27 thousand and USD 29 thousand as at 31 December 2022 and 2021) remained unpaid.

Revaluation reserve

Revaluation reserve is used to record increases in the fair value of property, plant and equipment as well as decreases to the extent that such decreases relate to any prior increase on the same asset previously recognised in OCI. Revaluation reserve is limited in respect of dividends distribution.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the

financial statements of foreign operations denominated in their respective functional currencies into the Group reporting currency as well as monetary items that form part of the net investment in these foreign operations.

Dividends payable by the Company and its subsidiaries

In March 2021, the Company has declared dividends in the amount of USD 80,000 thousand with the settlements of USD 40,000 thousand in March 2021 and USD 40,000 thousand in July 2021.

In May 2021, the Company has declared and paid dividends in the amount of USD 150,000 thousand.

In January 2022, the Company has declared and paid in-kind dividends in a non-cash form with a fair value of USD 48,900 thousand.

33. Principal subsidiaries

The Group included the following subsidiaries as at 31 December 2022 and 2021:

NAME OF THE COMPANY	COUNTRY OF INCORPORATION	BUSINESS ACTIVITIES	EFFECTIVE OWNERSHIP	
			31 DECEMBER 2022	31 DECEMBER 2021
PJSC "Interpipe Nizhnedneprovsky Tube Rolling Plant"	Ukraine	Production of seamless pipes and railway wheels	94,75040%	94,75040%
JSC "Interpipe Novomoskovsk Pipe-Production Plant"	Ukraine	Production of welded pipes	90,62046%	90,62046%
"Interpipe Niko Tube" LLC	Ukraine	Production of seamless pipes	99,99998%	99,99998%
"MP "Dneprosteel" LLC	Ukraine	Production of steel billets	99,99998%	99,99998%
"Dneprosteel-Energo" LLC	Ukraine	Resale of electricity	99,99998%	99,99998%
"Transkom - Dnepr" LLC	Ukraine	Transportation services	97,94998%	97,94998%
"Limestone factory" LLC	Ukraine	Production of limestone	94,75038%	94,75038%
Society "Dishware Novomoskovsk" Ltd	Ukraine	Production of dishware	90,62044%	90,62044%
JSC "Interpipe Dneprovstomet"	Ukraine	Scrap metal processing	98,71033%	98,71033%
"META" LLC	Ukraine	Scrap metal processing	98,71467%	98,71467%
"Luganskiy Kombinat Vtormet" LLC	Ukraine	Scrap metal processing, dormant company	98,67332%	98,67332%
"Research and development center "Quality" LLC	Ukraine	Research and development	99,99998%	99,99998%
"Interpipe Management" LLC	Ukraine	Management services	99,99998%	99,99998%
"Interpipe Ukraine" LLC	Ukraine	Trading	99,99998%	99,99998%
"KLW Ukraine" LLC (former "KLW Production" LLC)	Ukraine	Trading	99,99998%	99,99998%
"Interpipe-M" LLC	russia	Trading	99,99998%	99,99998%
"Interpipe Kazakhstan" LLC	Kazakhstan	Trading, dormant company	99,99998%	99,99998%
Interpipe Europe SA	Switzerland	Trading	99,99998%	99,99998%
KLW-Wheelco SA	Switzerland	Trading	99,99998%	99,99998%
North American Interpipe, Inc	The United States	Trading	99,99998%	99,99998%
KLW North America, Inc	The United States	Trading	99,99998%	99,99998%
Interpipe M.E, a free zone establishment with limited liability	The United Arab Emirates	Trading	99,99998%	99,99998%
Interpipe Central Trade GmbH	Germany	Trading	99,99998%	99,99998%
Steel.One Limited	Cyprus	Subholding	99,99998%	99,99998%
KLW Limited (former Saleks Investments Limited)	Cyprus	Subholding	99,99998%	99,99998%
Interpipe Limited	Cyprus	Former Parent, Subholding	99,99998%	99,99998%
Interpipe Investments PLC	Cyprus	Performance Fee Debtor	94,00000%	94,00000%
IP Niko Tube GmbH	Germany	Subholding	99,99998%	49,90000%*
Vallourec Niko Tube LLC	Ukraine	Production of seamless pipes	99,99998%	49,90000%*

* For year ended at 31 December 2021 Group's share in joint venture was included in investment in joint venture balance line. In 2022, as finalisation of the joint venture dissolution the Group purchased other 50.1% (Note 11) and companies were included in Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(in US dollars and in thousands)

34. Related party transactions

The Group defines related parties in accordance with IAS 24 "Related Party Disclosures". IAS 24 focuses significantly on the concept of "control" (including common control) and "significant influence" as primary methods of related party identification.

During years ended 31 December 2022 and 2021, the Group's transactions with its related parties comprised those with its associates (Note 10), shareholders, key management personnel and other related parties.

TRANSACTIONS WITH ASSOCIATES AND OTHER RELATED PARTIES

The transactions and outstanding balances of the Group with its related parties are presented below:

	2022			2021		
	ASSOCIATES	OTHER	TOTAL	ASSOCIATES	OTHER	TOTAL
Transactions:						
Sales	1,449	4,049	5,498	1,893	698	2,591
Purchases	8,437	42,185	50,622	10,052	9,306	19,358
Outstanding balances:						
Amounts owed to the Group	105	1,746	1,851	8,876	333	9,209
Amounts owed by the Group	4,169	19,854	24,023	6,746	1,484	8,230

TERMS AND CONDITIONS OF TRANSACTIONS WITH ASSOCIATES, JOINT VENTURE AND OTHER RELATED PARTIES

The sales to and purchases from the related parties are made at terms equivalent to those that in arm's length transactions. Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. For the year ended 31 December 2022, the Group has recorded an expected credit loss charge relating to receivables from the related parties amounting to USD 6,652 thousand (2021: 1,903 thousand). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which it operates.

TRANSACTIONS WITH SHAREHOLDERS

Subordinated Loan

Details of the Subordinated Loan are disclosed in Note 19.

Accounts payable to shareholders

As at 31 December 2022, accounts payable to shareholders, included in other accounts payable and, amounted to USD 224 thousand, (2021: USD 237 thousand) were interest free, unsecured and payable on demand.

COMPENSATION TO KEY MANAGEMENT PERSONNEL

Key management personnel of the Group as at 31 December 2022 comprised:

The members of the Board of Directors:

NAME	FUNCTION
Ganna Khomenko	Non-Executive Director
Yakiv Konstantyniv's'ky	Non-Executive Director
Iuliia Chebotarova	Non-Executive Director
Philippe Bideau	Independent Non-Executive Director
Oleksandr Kirichko	Non-Executive Director
Thomas Myer Kearney	Independent Non-Executive Director
Fiona Jane Mary Paulus	Independent Non-Executive Director
Franz Josef Marx	Non-Executive Director
Andrii Korotkov	Chief Executive Officer of Interpipe Holdings PLC
Fadi Khraybe	Non-Executive Director

Senior Management of the Group as at 31 December 2022 and 2021 comprised ten and thirteen persons respectively (including the CEO who is also a member of the Board of Directors).

For the year ended 31 December 2022, total compensation, comprising short-term employee benefits, to the members of the Board of Directors amounted to USD 1,000 thousand (2021: USD 2,207 thousand) and total compensation to the members of Senior Management of the Group amounted to USD 2,904 thousand (2021: USD 3,331 thousand). The compensation was included in general and administrative expenses in the consolidated statement of comprehensive income.

In addition to the above no other incentives were attributable to the key management personnel of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(in US dollars and in thousands)

35. Commitments, contingencies and operating risks

Operating environment

The Group has significant operations in Ukraine and, to a substantially lower and diminishing scope, in Russia and some other CIS countries, whose economies while deemed to be of market status continue to display certain characteristics consistent with those of an economy in transition. These characteristics include, but are not limited to low levels of liquidity in the capital markets, relatively high inflation and the existence of currency controls which cause the national currencies to be illiquid outside of these countries. These countries continue economic reforms and development of their legal, tax and regulatory frameworks as required by a market economy. The future stability of the economies is largely dependent upon the success of these reforms and the effectiveness of economic, financial and monetary measures undertaken by their governments. As a result, operations in Ukraine, Russia and other CIS countries involve risks that are not typical for developed markets.

All of the above factors, as disclosed in Note 2 "Operating environment and risks of the Group", had already affected and may have a further adverse effect on the Group's consolidated financial position and results of operations.

Taxation

Ukrainian legislations and regulations regarding taxation and other regulatory matters, including currency exchange control and custom regulations, continue to evolve. The legislations and regulations are not always clearly written and are subject to varying interpretations by local, regional and national authorities, and other governmental bodies. Instances of inconsistent interpretations continue to be not unusual.

The Ukrainian tax authorities have been seen to consistently increase their audit activity for transactions with non-resident entities, to which they seek to apply such relatively new requirements as "beneficial ownership", "substance over form", and other similar principles. They also have started to enforce more vigorous and stringent transfer pricing rules introduced in Ukraine in 2013. The transfer pricing legislation allows the tax authorities to make transfer pricing adjustments and impose additional tax liabilities in respect of controlled transactions (transactions with related parties and some types of transactions with unrelated parties), if the transaction price is not arm's length and not supported by relevant documentation.

In Cyprus, the tax results for the periods from 2011 to 2016 for Interpipe Limited and from 2008 to 2013 for SteelOne Limited are currently under review and objection with the Cyprus Tax Authorities.

Management has implemented internal controls to be in compliance with such regulatory and tax compliance matters in the countries where the Group operates, including new Ukrainian transfer pricing legislation and believes that its interpretation of the relevant legislations is appropriate and

that the Group has complied with all regulations, and paid or accrued all taxes and withholdings that are applicable. Where the risk of outflow of resources is probable, the Group has accrued tax liabilities based on management's best estimate.

Nevertheless, the uncertainty related to inconsistent enforcement and application of the tax legislation in the above countries creates a risk of substantial additional tax liabilities and penalties being claimed by the tax authorities, which cannot be reliably estimated, but, if sustained, could have a material effect on the Group's financial position, results of operations and cash flows. Management believes that there are strong arguments to successfully defend any such challenge and does not believe that the risk is any more significant than those of similar enterprises operating in Ukraine, Russia or other CIS countries. When it is not considered probable that a material claim will arise, no provision has been established in the Consolidated Financial Statements. Management further believes that ascertained risks of possible outflow of resources arising from tax and other regulatory compliance matters are immaterial as at 31 December 2022 and 2021.

Litigations

As at 31 December 2022 and 2021, Inc, PJSC "Interpipe Nizhnedneprovsky Tube Rolling Plant", MP "Dneprosteel" LLC and Interpipe Ukraine were defendants in several litigations with a total potential claimed payments amounting to approximately USD 171 thousand and USD 98 thousand, respectively. Provision for probable adverse consequences of the above cases amounting to USD 171 thousand and USD 98 thousand was included in total provision for customers' and other claims in the consolidated statement of financial position as at 31 December 2022 and 2021, respectively (Note 21).

In addition to the specific cases mentioned above, in the ordinary course of business the Group is subject to legal actions and complaints. As at 31 December 2022 and 2021, there were no provisions due to the low risk of the negative consequences for the Group. Management believes that the ultimate liability arising from such actions or complaints will not have a material adverse effect on the consolidated financial position or the results of future operations of the Group.

Perpetual land lease rights

The Group has the right of permanent use of the land plots on which its Ukrainian production facilities are located and pays land tax as assessed annually by the state based on the total area and use for which the land is zoned. The Group assessed the terms of land plots as permanent use arrangements and concluded that related payments should not be capitalised as they do not meet respective criteria set by IFRS 16.

Contractual commitments for the acquisition of property, plant and equipment

As at 31 December 2022 and 2021, the Group's contractual commitments for acquisition and modernisation of production equipment amounted to USD 11,862 thousand and USD 11,487 thousand, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(in US dollars and in thousands)

36. Financial instruments

Carrying amount of financial assets

The carrying amounts of financial assets measured at amortized were as follows:

	31 DECEMBER 2022	31 DECEMBER 2021
Trade and other accounts receivable (Note 14)	134,632	188,967
Other current assets	8,406	16,744
Other current financial assets	-	50,478
Cash and cash equivalents (Note 18)	153,777	109,627
	296,815	365,816

None of the above assets is individually materially credit-impaired and there has been no significant increase in credit risk since initial recognition. The amounts presented above also represent the maximum exposure to credit risk.

The loss allowance as at 31 December 2022 and 2021 is based on the simplified approach for lifetime expected credit losses and is presented in the table below.

	EXPECTED CREDIT LOSS WEIGHTED RATE 2022	EXPECTED CREDIT LOSS WEIGHTED RATE 2021	31 DECEMBER 2022	31 DECEMBER 2021
Trade accounts receivable:				
Current	1%	1%	845	1,395
Past due up to 3 months	6%	4%	2,180	3,093
Past due from 3 month up to 6 months	41%	4%	1,094	505
Past due over 6 months	52%	62%	7,786	5,370
Total expected credit loss			11,905	10,363
Other accounts receivable:				
Current	nil	7%	1	195
Past due up to 3 months	3%	2%	53	11
Past due from 3 month up to 6 months	68%	13%	83	22
Past due over 6 months	100%	94%	7,919	6,893
Total expected credit loss			8,056	7,121

A reconciliation of the changes in the loss allowance is set out below:

	FOR THE YEAR ENDED 31 DECEMBER 2022	FOR THE YEAR ENDED 31 DECEMBER 2021
Trade accounts receivable:		
At period beginning	10,363	8,415
Charge for the year (Note 26)	3,934	1,476
Write-off	(2,474)	(193)
Translation difference	82	665
At period end	11,905	10,363
Other accounts receivable:		
At period beginning	7,121	6,982
Charge for the year (Note 26)	1,644	46
Write-off	(6)	(11)
Translation difference	(703)	104
At period end	8,056	7,121

Carrying amount of financial liabilities

The carrying amounts of financial liabilities measured at amortized costs comprised:

	31 DECEMBER 2022	31 DECEMBER 2021
Subordinated Loan (Note 19)	-	51,627
Borrowings and interest payable (Note 20)	339,534	343,333
Trade and other accounts payable (Note 22)	99,269	109,034
	438,803	503,994

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(in US dollars and in thousands)

Changes in liabilities arising from financing activities:

	1 JANUARY 2022	CHANGES FROM FINANCING CASH FLOWS	THE EFFECT OF CHANGES IN FOREIGN EXCHANGE RATES	INTEREST, FINANCE COSTS AND OTHER CHANGES	31 DECEMBER 2022
Borrowings and interest payable (Note 20):					
Notes 2026	297,936	-	-	403	298,339
General Loan Facility	41,886	(1,586)	(2,594)	-	37,706
Performance Sharing Fee	78,125	(24,881)	-	(3,759)	49,485
Lease liability	1,153	-	-	(506)	647
Interest accrued but not paid	3,511	-	23	(45)	3,489
	422,611	(26,467)	(2,571)	(3,907)	389,666
Subordinated Loan (Note 19)	51,627	(69,204)	-	17,577	-
Total	474,238	(95,671)	(2,571)	13,670	389,666

	1 JANUARY 2021	CHANGES FROM FINANCING CASH FLOWS	THE EFFECT OF CHANGES IN FOREIGN EXCHANGE RATES	INTEREST, FINANCE COSTS AND OTHER CHANGES	31 DECEMBER 2021
Borrowings and interest payable (Note 20):					
Notes 2026	-	300,000	-	(2,064)	297,936
General Loan Facility	45,460	(57)	(3,517)	-	41,886
Notes 2024	6,472	(6,472)	-	-	-
Performance Sharing Fee	64,948	-	-	13,177	78,125
Lease liability	1,661	-	-	(508)	1,153
Interest accrued but not paid	209	-	(217)	3,519	3,511
	118,750	293,471	(3,734)	14,124	422,611
Subordinated Loan (Note 19)	46,827	-	-	4,800	51,627
Total	165,577	293,471	(3,734)	18,924	474,238

37. Financial risk management

The Group's principal financial instruments comprise trade receivables and payables, interest bearing loans due to banks, bonds issued, other current financial assets, cash and cash equivalents. The main purpose of these financial instruments is to provide funding for the Group's operations. The Group has various other financial assets and liabilities such as other receivables and other payables, which arise directly from its operations.

The Group may also from time to time enter into derivative transactions, primarily forward currency contracts. The purpose is to manage currency risks arising from Group's operations and its sources of finance.

The main risks arising from the Group's financial instruments are foreign currency risk, liquidity risk, credit risk and interest rate risk. The policies for managing each of these risks are summarised below.

Foreign currency risk

The Group performs its operations mainly in the following currencies: the Ukrainian hryvnia ("UAH"), the US dollar ("USD"), the Euro ("EUR") and the Russian rouble ("RUB").

The exchange rate of USD to UAH and related cross-rates to other currencies as set by the National Bank of Ukraine ("NBU") as at the dates stated were as follows:

	100 UAH	1 EUR	100 RUB
As at 31 December 2022	2.735	1.065	1.387
As at 31 December 2021	3.666	1.134	1.334

The Group sells its products to Europe, Middle East and Africa, Americas and other regions; purchases materials from other countries; and attracts substantial amounts of foreign currency denominated short-term and long-term borrowings, and is, thus, exposed to foreign exchange risk. Foreign currency denominated trade receivables and payables, and borrowings give rise to foreign exchange exposure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(in US dollars and in thousands)

The following tables demonstrate USD equivalents of the monetary assets and liabilities originally denominated in different currencies, as at 31 December 2022 and 2021:

AS AT 31 DECEMBER 2022	UAH	USD	EUR	RUB	OTHER	TOTAL
Other non-current assets	32	16,762	63	-	168	17,025
Trade and other accounts receivable	11,963	94,249	23,034	5,199	187	134,632
Cash and bank deposits	12,885	107,176	31,392	509	1,815	153,777
	24,880	218,187	54,489	5,708	2,170	305,434
Borrowings and interest payable	-	351,960	37,706	-	-	389,666
Trade and other accounts payable	44,662	42,371	11,976	57	203	99,269
	44,662	394,331	49,682	57	203	488,935

AS AT 31 DECEMBER 2021	UAH	USD	EUR	RUB	OTHER	TOTAL
Other non-current assets	194	6,725	-	-	-	6,919
Trade and other accounts receivable	47,272	79,888	47,197	14,442	168	188,967
Other current financial assets	-	44,349	422	-	5,707	50,478
Cash and bank deposits	27,340	69,325	11,477	766	719	109,627
	74,806	200,287	59,096	15,208	6,594	355,991
Subordinated Loan	-	51,627	-	-	-	51,627
Borrowings and interest payable	-	380,724	41,887	-	-	422,611
Trade and other accounts payable	73,488	23,633	11,797	86	30	109,034
	73,488	455,984	53,684	86	30	583,272

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the foreign currency exchange rate, with all other variables held constant:

FOR THE YEAR ENDED 31 DECEMBER 2022	HIGH / LOW LIMITS OF CHANGE IN CURRENCY EXCHANGE RATE, %	EFFECT ON PROFIT BEFORE TAX	EFFECT ON OTHER COMPREHENSIVE INCOME
USD/UAH	+21.86%	47,305	(130,038)
EUR/UAH	+17.09%	47,499	(6,444)
RUB/UAH	+33.25%	2,383	-
EUR/USD	+10.60%	(27,143)	-
USD/UAH	-21.86%	(47,305)	130,038
EUR/UAH	-17.09%	(47,499)	6,444
RUB/UAH	-33.25%	(2,383)	-
EUR/USD	-10.60%	27,149	-
FOR THE YEAR ENDED 31 DECEMBER 2021	HIGH / LOW LIMITS OF CHANGE IN CURRENCY EXCHANGE RATE, %	EFFECT ON PROFIT BEFORE TAX	EFFECT ON OTHER COMPREHENSIVE INCOME
USD/UAH	+14.00%	44,945	(85,734)
EUR/UAH	+15.00%	9,768	(6,283)
RUB/UAH	+19.00%	2,956	-
EUR/USD	+9.00%	(8,025)	-
USD/UAH	-11.00%	(35,314)	67,363
EUR/UAH	-13.00%	(8,465)	5,445
RUB/UAH	-15.00%	(2,333)	-
EUR/USD	-9.00%	8,025	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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NET INVESTMENTS IN FOREIGN OPERATIONS

On 1 January 2014, the Company designated certain intragroup financial instruments which settlement was neither planned nor likely to occur in the foreseeable future, as net investments in a number of its Ukrainian subsidiaries in accordance with IAS 21 "The Effects of Changes in Foreign Exchange Rates". Such financial instruments comprised of intercompany loans and, in some cases, other long-term receivables and payables. Accordingly, foreign exchange differences arising on such financial instruments

after the designation date had been recognised in other comprehensive income.

As at 31 December 2022 and 2021, the accumulated balance of exchange differences on net investment in foreign operations amounted to USD 987,424 thousand and USD 772,921 thousand, respectively.

The impact of exchange differences on other comprehensive income comprises:

	FOR THE YEAR ENDED 31 DECEMBER 2022	FOR THE YEAR ENDED 31 DECEMBER 2021
Exchange differences on translation of foreign operations (other than financial instruments designated as net investments)	(107,891)	9,458
Net foreign exchange gain/ (loss) from financial instruments designated as part of net investments in foreign operations	(214,503)	26,717
	(322,394)	36,175

LIQUIDITY RISK

The Group's objective is to maintain continuity and flexibility of funding through the use of credit terms provided by suppliers and borrowings.

or excessive liquidity in individual entities, the Group relocates resources and funds among the Group entities to achieve optimal financing of business needs of each entity.

The Group analyses the ageing of its assets and the maturity of its liabilities and plans its liquidity depending on expected repayment of various instruments. In the case of insufficient

The table below summarises the maturity profile of the Group's financial liabilities based on their contractual undiscounted payments (estimated for contingent liabilities of the Performance Sharing Fee) and maturities:

AS AT 31 DECEMBER 2022	LESS THAN 3 MONTHS	3 TO 12 MONTHS	1 TO 5 YEARS	MORE THAN 5 YEARS	TOTAL
Notes 2026	-	21,775	362,675	-	384,450
General Loan Facility	707	11,055	28,774	-	40,536
Performance Sharing Fee	-	37,325	28,491	-	65,816
Lease liability	-	635	12	-	647
Interest payable	-	3,489	-	-	3,489
Trade and other accounts payable	99,269	-	-	-	99,269
	99,976	74,279	419,952	-	594,207

AS AT 31 DECEMBER 2021	LESS THAN 3 MONTHS	3 TO 12 MONTHS	1 TO 5 YEARS	MORE THAN 5 YEARS	TOTAL
Notes 2026	-	21,775	387,800	-	409,575
Subordinated loan	-	-	69,204	-	69,204
General Loan Facility	400	2,942	43,021	-	46,363
Performance Sharing Fee	-	33,456	65,487	-	98,943
Lease liability	-	553	600	-	1,153
Interest payable	-	3,511	-	-	3,511
Trade and other accounts payable	109,034	-	-	-	109,034
	109,434	62,237	566,112	-	737,783

INTEREST RATE RISK

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations

(Note 20). The Group's policy is to manage its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

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(in US dollars and in thousands)

The following table demonstrates the annualised sensitivity of the Group's profit before tax to a reasonably possible change in interest rates, with all other variables held constant:

FOR THE YEAR ENDED 31 DECEMBER 2022	HIGH / LOW LIMITS OF CHANGE IN INTEREST RATE, %	EFFECT ON PROFIT BEFORE TAX
Interest rate	-1%	377
Interest rate	+1%	(377)

FOR THE YEAR ENDED 31 DECEMBER 2021	HIGH / LOW LIMITS OF CHANGE IN INTEREST RATE, %	EFFECT ON PROFIT BEFORE TAX
Interest rate	-1%	419
Interest rate	+1%	(419)

Credit risk

Financial instruments, which potentially subject the Group to significant concentrations of credit risk, consist principally of bank deposits (Notes 15 and 18), other current financial assets (Note 17) and trade and other accounts receivable (Note 14).

Cash in banks is placed with the financial institutions, which are considered to have minimal risk of default at the time of deposit.

	31 DECEMBER 2022	31 DECEMBER 2021
As rated by Fitch:		
AA	62,622	26,067
A	60,324	25,442
BBB	1,465	10,106
B	6,040	27,411
Not rated and other	23,326	20,601
	153,777	109,627

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed for all customers requiring credit over a certain amount. Most of the Group's sales are made to customers with an appropriate credit history or on a prepayment basis. The Group does not require collateral in respect of its financial assets. The credit risk exposure of the Group is monitored and analysed on a case-by-case basis. Based on historical collection statistics, the Group's management believes that there is no significant risk of loss to the Group beyond the impairment allowances already recognised against the assets. The maximum exposure to the credit risk is represented by the carrying amounts of the financial assets that are carried in the consolidated statement of financial position.

CAPITAL RISK MANAGEMENT

The Group considers its debt and shareholders' equity as the primary capital sources. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to the shareholders and benefits to other stakeholders as well as to provide financing of its operating requirements, capital expenditures and the Group's development strategy.

	31 DECEMBER 2022	31 DECEMBER 2021
Borrowings and interest payable	389,666	422,611
Trade and other accounts payable	99,269	109,034
Less: Cash and cash equivalents	(153,777)	(109,627)
Net debt	335,158	422,018

Equity	205,747	435,418
Capital and net debt	540,905	857,436
Gearing ratio*	62%	49%

* Gearing ratio = Net debt / Capital and net debt

The Group's capital management policies aim to ensure and maintain an optimal capital structure, to reduce the overall cost of capital and to provide flexibility relating to the Group's access to capital markets. Furthermore, the Group makes its investment decisions taking into consideration its capital structure.

RISK OF CHANGE IN VALUE/ TIMING OF THE PAYMENT OF THE PERFORMANCE SHARING FEE

As discussed in the Note 20, the Performance Sharing Fee valuation depends on the level of the Group performance during the Fee Assessment Period as well as on EIR applied in determination of its carrying amount (amortized cost) as at 31 December 2022 and 2021 – applied 26.42% per annum as at 31 December 2022 and 14.43% per annum as at 31 December 2021

The table below summarises the Performance Sharing Fee change (+ or -) of its carrying amount of USD 49,485 thousand and 78,125 thousand as at 31 December 2022 and 2021, respectively, depending on (i) change of the notional amount by USD 10 million per annum during the Fee Assessment Period and (ii)&(iii) changes in the EIR by 1% (to 27.42% per annum / 25.42% per annum) used in the Performance Sharing Fee fair value determination as at 31 December 2022 and 2021:

	31 DECEMBER 2022	31 DECEMBER 2021
EBITDA change by USD 10 millions (plus/minus) – (i)	2,221	4,134
Market rate at 27.42% (plus 1.00%) – (ii)	(461)	(1,151)
Market rate at 25.42% (minus 1.00%) – (iii)	470	1,182

FAIR VALUES OF FINANCIAL INSTRUMENTS

The fair value of the Groups' financial instruments disclosed in the Note 7.

38. Events after the reporting period

The Group has issued the financial statements later than required, however the management applied remediation actions during permitted grace period of 30 days and issued the Consolidated Financial Statements on 29 May 2023.

The events after the balance sheet date, which relate to the operating environment of the Group are disclosed in the Note 2.



ANNEXES

ANNEXES

GRI and SASB Content Index

Reporting Statement	This Annual Report of Interpipe Group of Companies has been prepared in accordance with the GRI (Global Reporting Initiative) 2021 and SASB (Sustainability Accounting Standards Board) Standards and covers the Group's activities for the period from 01.01.2022 to 31.12.2022.
Applicable GRI 1	GRI 1: Foundation 2021
Required Sector GRI	The required GRI Sector Standards have not yet been published as of the date of this Annual Report for 2022
Applicable SASB	EM-IS «Iron & Steel Producers»

MATERIAL TOPIC	#	DISCLOSURE TITLE	SASB DISCLOSURE	REPORT SECTION TITLE AND COMMENTS	REPORT PAGE
GENERAL DISCLOSURES					
GRI 2: General Disclosures 2021	2–1	Organisational details		About Interpipe Group of Companies Corporate Governance of the Interpipe Group About this Report Interpipe Holdings Plc, the parent company, is registered at 8 Mikinon, 1065 Nicosia, Cyprus. The address of registration and location of the head office of the Ukrainian companies is 1-A, Pysarzhevskoho Street, Dnipro, 49005, Ukraine.	11, 59, 112
	2–2	Entities included in the organisation's sustainability reporting		About Interpipe Group of Companies Corporate Governance of the Interpipe Group About this Report All entities covered by this Annual Report of Interpipe Group of Companies are also covered by the Consolidated Financial Statements of Interpipe Holdings Plc for 2022.	11, 59, 112
	2–3	Reporting period, frequency and contact point		About this Report Contacts The cycle of the Financial Statements, as well as the cycle of preparation of the Annual Report, is one calendar year (from 01.01.2022 to 31.12.2022).	112, 186
	2–4	Restatements of information		Interpipe Group of Companies Annual Report for 2022 is the first Annual Report of the Group, and therefore the issue of revising information from previous reporting periods is not relevant.	-
	2–5	External assurance		Interpipe Group of Companies does not currently have a policy of external assurance of its non-financial statements. This Interpipe Group of Companies Annual Report 2022 has not been externally assured.	-
	2–6	Activities, value chain and other business relationships		About Interpipe Group of Companies Supply Chain and Procurement Practices of the Interpipe Group of Companies	11, 74
	2–7	Employees		The Group personnel and human capital management Annexes. The Group personnel	77, 178
	2–8	Workers who are not employees		Disclosure is not applicable. Interpipe Group of Companies does not engage employees who are not its own employees to perform work.	-
	2–9	Governance structure and composition		Corporate Governance of the Interpipe Group In 2022, there were no changes in the corporate governance system and the composition of the supreme management body of Interpipe Group of Companies.	59

MATERIAL TOPIC	#	DISCLOSURE TITLE	SASB DISCLOSURE	REPORT SECTION TITLE AND COMMENTS	REPORT PAGE
	2–10	Nomination and selection of the highest governance body		Corporate Governance of the Interpipe Group	59
	2–11	Chair of the highest governance body		The Group's Board of Directors does not have a permanent chairman and elects one at each meeting. At the same time, the executive director is not the chairman of the highest corporate governance body.	-
	2–12	Role of the highest governance body in overseeing the management of impacts		Strategy and goals of the Group Corporate Governance of the Interpipe Group The formalised sustainability strategy of Interpipe Group of Companies as of 2022 is currently under development. No special procedures and policies have been approved to assess actual and potential negative impacts in the field of sustainable development, as well as other processes for identifying and managing the Group's impacts on the economic, environmental and social spheres.	19, 59
	2–13	Delegation of responsibility for managing impacts		Corporate Governance of the Interpipe Group Delegation takes place within the statutory powers and the authority matrix approved by the Board of Directors.	59
	2–14	Role of the highest governance body in sustainability reporting		Strategy and goals of the Group Corporate Governance of the Interpipe Group The annual report of Interpipe Group of Companies is reviewed and approved by the Board of Directors prior to its official publication.	19, 59
	2–15	Conflicts of interest		Corporate Governance of the Interpipe Group The Charter of Interpipe Holdings PLC provides that members of the Board of Directors may not vote on matters in which they have or may have a conflict of interest. In accordance with the Group's Codes and policies, conflicts of interest are not permitted. Public information about the members of the Board of Directors is available for review by any interested party.	59
	2–16	Communication of critical concerns		Interpipe Group of Companies does not currently have procedures and policies in place to discuss concerns at the highest management level.	-
	2–17	Collective knowledge of the highest governance body		No special events were held in 2022.	-
	2–18	Evaluation of the performance of the highest governance body		The performance of the Board of Directors was not evaluated in 2022.	-
	2–19	Remuneration policies		Principles of Motivation and Remuneration Partially disclosed Interpipe Group of Companies does not have separate policies governing the remuneration of members of the top management body	64
	2–20	Process to determine remuneration		Principles of Motivation and Remuneration	64
	2–21	Annual total compensation ratio		Doesn't disclosed Information on the total annual compensation ratio is confidential and not publicly disclosed.	-
	2–22	Statement on sustainable development strategy		Address of the Interpipe Group of Companies management The Group's ESG strategy and goals	3, 23

MATERIAL TOPIC	#	DISCLOSURE TITLE	SASB DISCLOSURE	REPORT SECTION TITLE AND COMMENTS	REPORT PAGE
	2–23	Policy commitments		Intra-Group Management Codes and Policies Ethical Behavior in the Workplace Anti-discrimination and respect of human rights More detailed information on communication (notification) of policies and the extent of their application is described in the relevant sections of this Annual Report.	65, 70, 83
	2–24	Embedding policy commitments		Intra-Group Management Codes and Policies Ethical Behavior in the Workplace Anti-discrimination and respect of human rights The implementation of the obligations under the function-specific policies is described in the relevant sections of this Annual Report.	65, 70, 83
	2–25	Processes to remediate negative impacts		Ethical Behavior in the Workplace The Interpipe Group of Companies does not have procedures and policies to involve stakeholders in the process of improving the mechanism for eliminating negative consequences.	70
	2–26	Mechanisms for seeking advice and raising concerns		Contacts At the end of this Report, information is disclosed on the channels for providing feedback through the Group's Single Line of Trust. As for communication on specific topics, the information is described in the relevant sections of the Annual Report.	186
	2–27	Compliance with laws and regulations		Ethical Behavior in the Workplace There were no cases of violation or non-compliance with laws, regulations and requirements, including those for which fines or non-monetary sanctions were imposed, during 2022. Also, the Group did not pay any fines for previous periods.	70
	2–28	Membership associations		Business model and regional presence	13
	2–29	Approach to stakeholder engagement		Stakeholders and Material Topics of the Group More detailed information on communication and stakeholder engagement on specific topics is described in the relevant sections of this Annual Report.	109
	2–30	Collective bargaining agreements		The Group personnel In 2020-2022, the collective bargaining agreement covered 91% of the Group's employees.	77
TOPIC DISCLOSURES					
GRI 3: Material Topics 2021	3–1	Process to determine material topics		About this Report Stakeholders and Material Topics of the Group	112, 109
	3–2	List of material topics		About this Report Stakeholders and Material Topics of the Group	112, 109
ECONOMIC DISCLOSURES					
ECONOMIC PERFORMANCE OF THE BUSINESS					
GRI 3: Material Topics 2021	3–3	Management of material topics		About Interpipe Group of Companies Financial Performance of the Group	11, 48

MATERIAL TOPIC	#	DISCLOSURE TITLE	SASB DISCLOSURE	REPORT SECTION TITLE AND COMMENTS	REPORT PAGE
GRI 201: Economic Performance 2016	201–1	Direct economic value generated and distributed		Annexes. Financial Performance of the Group In 2022, the Group did not invest in the development of infrastructure in the Dnipro region and Ukraine, but the Group provided systematic support to local communities during the war, to people internally displaced to the Dnipro region, and helped the Armed Forces of Ukraine (including with its own products).	177
	201–2	Financial implications and other risks and opportunities due to climate change		Response to the risks the Group faced in 2022 In 2022, Interpipe Group did not assess the risks associated with climate change and their impact on the Group's operations and financial results.	6
	201–3	Defined benefit plan obligations and other retirement plans		The Group pays contributions from employee salaries in accordance with the Law of Ukraine "On Collection and Accounting of the Single Contribution for Obligatory State Social Insurance". The single contribution for payers referred to in Article 4 of this Law is set at 22% of the single contribution base defined in Article 7 of this Law. The companies of the Group comply with the current legislation on pensions and compulsory state pension insurance. The companies of the Group are obliged to pay (by way of compensation of a part of the state pension fund's expenses) a part of the privileged pension to persons who worked in production areas, in jobs with particularly harmful and particularly difficult working conditions, full-time employment in which gives them the right to retirement on preferential terms in accordance with the applicable law. In addition, collective agreements between employees and the Group's companies provide for the obligation to pay one-off remuneration to employees who retire; to pay remuneration to employees who have reached their retirement jubilee dates; to pay one-off financial assistance to relatives of the Group's retirees who have died, etc.	-
	201–4	Financial assistance received from government		Interpipe Group of Companies did not receive any financial assistance from the government in 2022.	-
MARKET PRESENCE					
GRI 3: Material Topics 2021	3–3	Management of material topics		The Group activities and key products: overview by business segments The Group personnel and human capital management	25, 77
GRI 202: Market Presence 2016	202–1	Ratios of standard entry level wage by gender compared to local minimum wage		Inclusion and diversity in the workplace The level of the standard initial salary is set at a level not lower than the minimum wage in Ukraine (as of 31.12.2022 – UAH 6,700)	81
	202–2	Proportion of senior management hired from the local community		Inclusion and diversity in the workplace Annexes. Inclusion and diversity in the workplace	81, 182
INDIRECT ECONOMIC IMPACTS					
GRI 3: Material Topics 2021	3–3	Management of material topics		Support for Local Communities	107
GRI 203: Indirect Economic Impacts 2016	203–1	Infrastructure investments and services supported		In 2022, the Group did not invest in the development of infrastructure and services in the Dnipro region and Ukraine, but the Group provided systematic support to local communities during the war, to people internally displaced to the Dnipro region, and helped the Armed Forces of Ukraine (including with its own products).	-

MATERIAL TOPIC	#	DISCLOSURE TITLE	SASB DISCLOSURE	REPORT SECTION TITLE AND COMMENTS	REPORT PAGE
	203-2	Significant indirect economic impacts		Indicator not disclosed Interpipe Group of Companies does not have a mechanism for tracking the significant indirect economic impacts of its operations.	-
PROCUREMENT PRACTICES					
GRI 3: Material Topics 2021	3-3	Management of material topics		Supply Chain and Procurement Practices of the Interpipe Group of Companies Business model and regional presence	74, 13
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local supplier		Supply Chain and Procurement Practices of the Interpipe Group of Companies	74
ANTI-CORRUPTION					
GRI 3: Material Topics 2021	3-3	Management of material topics		Group's Activities on Anti-Corruption	72
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption		Group's Activities on Anti-Corruption Partially disclosed The Interpipe Group assesses corruption risks, but the number or share of transactions that underwent such an assessment was not calculated in 2022.	72
	205-2	Communication and training about anti-corruption policies and procedures		Group's Activities on Anti-Corruption All employees and external business partners are aware of and are required to comply with the Group's anti-corruption policies and procedures. No training on these policies was conducted in 2022.	72
	205-3	Confirmed incidents of corruption and actions taken		Group's Activities on Anti-Corruption	72
ANTI-COMPETITIVE BEHAVIOUR					
GRI 3: Material Topics 2021	3-3	Management of material topics		Support of Fair Competition Interpipe Group of Companies does not have a mechanism for assessing the quality of the anti-competitive behaviour management system.	73
GRI 206: Anti-competitive Behaviour 2016	206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices		Support of Fair Competition	73
TAX					
GRI 3: Material Topics 2021	3-3	Management of material topics		Approach to Group Taxation	68
GRI 207: Tax 2019	207-1	Approach to tax		Approach to Group Taxation Interpipe Group does not have an approved taxation strategy.	68
	207-2	Tax governance, control, and risk management		Approach to Group Taxation The approach to tax disclosures and the Auditor's report on the financial statements are included in the Interpipe Holdings Plc Consolidated Financial Report 2022. Detailed information is disclosed under GRI indicator 2-5 External assurance.	68
	207-3	Stakeholder engagement and management of concerns related to tax		Approach to Group Taxation There is no mechanism for reporting issues and concerns regarding the Group's unethical or illegal behaviour and integrity in relation to tax matters.	68
	207-4	Country-by-country reporting		Indicator is not disclosed The information is confidential and not publicly disclosed.	-

MATERIAL TOPIC	#	DISCLOSURE TITLE	SASB DISCLOSURE	REPORT SECTION TITLE AND COMMENTS	REPORT PAGE
DISCLOSURES FOR ENVIRONMENTAL IMPACT					
MATERIALS					
GRI 3: Material Topics 2021	3–3	Management of material topics		The usage of materials and waste management	97
GRI 301: Materials 2016	301–1	Materials used by weight or volume		The usage of materials and waste management	97
	301–2	Recycled input materials used		The usage of materials and waste management	97
	301–3	Reclaimed products and their packaging materials		Indicator not disclosed During 2022, Interpipe Group of Companies did not collect and record information on the amount of products and packaging materials recovered after use.	-
ENERGY					
GRI 3: Material Topics 2021	3–3	Management of material topics		Energy consumption, air emissions and climate change mitigation	102
GRI 302: Energy 2016	302–1	Energy consumption within the organization	EM-IS-130a.1	Energy consumption, air emissions and climate change mitigation Annexes. Energy consumption, air emissions and climate change mitigation	102, 185
	302–2	Energy consumption outside of the organization		Indicator not disclosed The Group does not quantify the amount of energy consumed outside the Group but plans to collect data on this indicator in the future.	-
	302–3	Energy intensity		Indicator not disclosed The Group does not calculate the energy intensity of its products, but plans to calculate this indicator in the future.	-
	302–4	Reduction of energy consumption		Energy consumption, air emissions and climate change mitigation	102
	302–5	Reductions in energy requirements of products and services		Indicator not disclosed The Group does not collect information on reducing the energy consumption of goods and services but plans to collect data on this indicator in the future.	-
WATER RESOURCES AND EFFLUENTS					
GRI 3: Material Topics 2021	3–3	Management of material topics		Water resources management and biodiversity conservation	99
GRI 303: Water and Effluents 2018	303–1	Interactions with water as a shared resource		Water resources management and biodiversity conservation	99
	303–2	Management of water discharge-related impacts		Water resources management and biodiversity conservation	99
	303–3	Water withdrawal	EM-IS-140a.1	Water resources management and biodiversity conservation	99
	303–4	Water discharge		Water resources management and biodiversity conservation	99
	303–5	Water consumption	EM-IS-140a.1	Water resources management and biodiversity conservation	99
BIODIVERSITY					
GRI 3: Material Topics 2021	3–3	Management of material topics		Water resources management and biodiversity conservation	99
GRI 304: Biodiversity 2016	304–1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		Water resources management and biodiversity conservation	99
	304–2	Significant impacts of activities, products and services on biodiversity		Water resources management and biodiversity conservation In 2022, no significant impacts of Interpipe Group of Companies activities and products on biodiversity were identified.	99

MATERIAL TOPIC	#	DISCLOSURE TITLE	SASB DISCLOSURE	REPORT SECTION TITLE AND COMMENTS	REPORT PAGE
	304-3	Habitats protected or restored		Water resources management and biodiversity conservation In 2022, Interpipe Group of Companies did not take any measures to protect or restore ecosystems.	99
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations		Water resources management and biodiversity conservation	99
EMISSIONS					
GRI 3: Material Topics 2021	3-3	Management of material topics	EM-IS-110a.2	Energy consumption, air emissions and climate change mitigation	102
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	EM-IS-110a.1	Energy consumption, air emissions and climate change mitigation	102
	305-2	Energy indirect (Scope 2) GHG emissions		Energy consumption, air emissions and climate change mitigation	102
	305-3	Other indirect (Scope 3) GHG emissions		Energy consumption, air emissions and climate change mitigation	102
	305-4	GHG emissions intensity		Energy consumption, air emissions and climate change mitigation	102
	305-5	Reduction of GHG emissions		Energy consumption, air emissions and climate change mitigation	102
	305-6	Emissions of ozone-depleting substances (ODS)		Interpipe Group of Companies does not emit, produce, import or export ozone-depleting substances in the course of its production activities.	-
	305-7	Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	EM-IS-120a.1	Energy consumption, air emissions and climate change mitigation Interpipe Group does not carry out any production activities that emit the following substances into the atmosphere: polyaromatic hydrocarbons (PAHs), persistent organic pollutants (POPs) and hazardous air pollutants (HAPs).	102
WASTE					
GRI 3: Material Topics 2021	3-3	Management of material topics		The usage of materials and waste management	97
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts		The usage of materials and waste management	97
	306-2	Management of significant waste-related impacts		The usage of materials and waste management	97
	306-3	Waste generated	EM-IS-150a.1	The usage of materials and waste management	97
	306-4	Waste diverted from disposal		The usage of materials and waste management	97
	306-5	Waste directed to disposal	EM-IS-150a.1	The usage of materials and waste management	97
SUPPLIER ENVIRONMENTAL ASSESSMENT					
GRI 3: Material Topics 2021	3-3	Management of material topics		Supply Chain and Procurement Practices of the Interpipe Group of Companies	74
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria		Supply Chain and Procurement Practices of the Interpipe Group of Companies	74
	308-2	Negative environmental impacts in the supply chain and actions taken		Supply Chain and Procurement Practices of the Interpipe Group of Companies In 2022, no suppliers were assessed for their environmental impact.	74

MATERIAL TOPIC	#	DISCLOSURE TITLE	SASB DISCLOSURE	REPORT SECTION TITLE AND COMMENTS	REPORT PAGE
SOCIAL DISCLOSURES					
EMPLOYMENT					
GRI 3: Material Topics 2021	3–3	Management of material topics		The Group personnel and human capital management	77
GRI 401: Employment 2016	401–1	New employee hires and employee turnover		The Group personnel and human capital management	77
				Annexes. The Group personnel	178
	401–2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		The Group personnel and human capital management	77
	401–3	Parental leave		The Group personnel and human capital management	77
LABOUR/MANAGEMENT RELATIONS					
GRI 3: Material Topics 2021	3–3	Management of material topics		The Group personnel and human capital management	77
GRI 402: Labour/Management Relations 2016	402–1	Minimum notice periods regarding operational changes		<p>Employees are notified of significant operational changes that may significantly affect them 2 months in advance, and trade unions — 3 months in advance, in accordance with the laws of Ukraine.</p> <p>During martial law, employees are notified no later than before the introduction of such conditions, as the provisions of part three of Article 32 of the Labour Code of Ukraine and other laws of Ukraine regarding employee notification of changes in essential working conditions do not apply during martial law.</p>	-
OCCUPATIONAL HEALTH AND SAFETY					
GRI 3: Material Topics 2021	3–3	Management of material topics		Employee health and safe working conditions	88
GRI 403: Occupational Health and Safety 2018	403–1	Occupational health and safety management system		Employee health and safe working conditions	88
	403–2	Hazard identification, risk assessment, and incident investigation	EM-IS-320a.1	Employee health and safe working conditions	88
	403–3	Occupational health services		Employee health and safe working conditions	88
	403–4	Worker participation, consultation, and communication on occupational health and safety		Employee health and safe working conditions	88
	403–5	Worker training on occupational health and safety		Employee health and safe working conditions	88
	403–6	Promotion of worker health		Employee health and safe working conditions	88
	403–7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		Employee health and safe working conditions	88
	403–8	Workers covered by an occupational health and safety management system		Employee health and safe working conditions	88
	403–9	Work-related injuries	EM-IS-320a.1	Employee health and safe working conditions <p>All groups of employees are accounted for in the accident records in accordance with the requirements of the applicable legislation.</p>	88
	403–10	Work-related ill health		Employee health and safe working conditions	88

MATERIAL TOPIC	#	DISCLOSURE TITLE	SASB DISCLOSURE	REPORT SECTION TITLE AND COMMENTS	REPORT PAGE
TRAINING AND EDUCATION					
GRI 3: Material Topics 2021	3–3	Management of material topics		Workplace learning and other opportunities	84
GRI 404: Training and Education 2016	404–1	Average hours of training per year per employee		Workplace learning and other opportunities	84, 184
	404–2	Programs for upgrading employee skills and transition assistance programs		Workplace learning and other opportunities	84
	404–3	Percentage of employees receiving regular performance and career development reviews		Workplace learning and other opportunities	84
DIVERSITY AND EQUAL OPPORTUNITY					
GRI 3: Material Topics 2021	3–3	Management of material topics		Inclusion and diversity in the workplace	81
GRI 405: Diversity and Equal Opportunity 2016	405–1	Diversity of governance bodies and employees		Inclusion and diversity in the workplace	81
	405–2	Ratio of basic salary and remuneration of women to men		Inclusion and diversity in the workplace	81
NON-DISCRIMINATION					
GRI 3: Material Topics 2021	3–3	Management of material topics		Anti-discrimination and respect of human rights	83
GRI 406: Non-discrimination 2016	406–1	Incidents of discrimination and corrective actions taken		Anti-discrimination and respect of human rights	83
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING					
GRI 3: Material Topics 2021	3–3	Management of material topics		Anti-discrimination and respect of human rights	83
GRI 407: Freedom of Association and Collective Bargaining 2016	407–1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk		In 2022, no Group units or suppliers were identified as having a significant risk of violating employees' rights to freedom of association and collective bargaining.	-
CHILD LABOUR					
GRI 3: Material Topics 2021	3–3	Management of material topics		Anti-discrimination and respect of human rights	83
GRI 408: Child Labour 2016	408–1	Operations and suppliers at significant risk for incidents of child labour		In 2022, no Group units or suppliers were identified as having a significant risk of child labour.	-
FORCED OR COMPULSORY LABOUR					
GRI 3: Material Topics 2021	3–3	Management of material topics		Anti-discrimination and respect of human rights	83
GRI 409: Forced or Compulsory Labour 2016	409–1	Operations and suppliers at significant risk for incidents of forced or compulsory labour		In 2022, no Group units or suppliers were identified as having a significant risk of forced labour.	-
LOCAL COMMUNITIES					
GRI 3: Material Topics 2021	3–3	Management of material topics		Support for Local Communities As a result of Russia's full-scale invasion of Ukraine, Interpipe Group did not assess the quality of its community relations management system.	107
GRI 413: Local Communities 2016	413–1	Operations with local community engagement, impact assessments, and development programs		Support for Local Communities The Interpipe Group of Companies regularly assesses environmental impacts in accordance with the current legislation on the regulation and monitoring of emissions from production. No assessment of the social impact of the Group's activities on individual local communities was carried out in 2022.	107
	413–2	Operations with significant actual and potential negative impacts on local communities		Support for Local Communities In 2022, no Group units were identified that would pose a significant actual or potential risk of negative impact on local communities.	107

MATERIAL TOPIC	#	DISCLOSURE TITLE	SASB DISCLOSURE	REPORT SECTION TITLE AND COMMENTS	REPORT PAGE
SUPPLIER SOCIAL ASSESSMENT					
GRI 3: Material Topics 2021	3–3	Management of material topics		Supply Chain and Procurement Practices of the Interpipe Group of Companies	74
GRI 414: Supplier Social Assessment 2016	414–1	New suppliers that were screened using social criteria		Supply Chain and Procurement Practices of the Interpipe Group of Companies	74
	414–2	Negative social impacts in the supply chain and actions taken		Supply Chain and Procurement Practices of the Interpipe Group of Companies In 2022, suppliers were not assessed for their social impact.	74
PUBLIC POLICY					
GRI 3: Material Topics 2021	3–3	Management of material topics		Ethical Behavior and Compliance of the Group	70
GRI 415: Public Policy 2016	415–1	Political contributions		Interpipe Group does not interact with political parties and does not interfere in party political issues, and does not make political contributions or lobbying.	-
CUSTOMER HEALTH AND SAFETY					
GRI 3: Material Topics 2021	3–3	Management of material topics		Product quality and consumer safety	25
GRI 416: Customer Health and Safety 2016	416–1	Assessment of the health and safety impacts of product and service categories		Product quality and consumer safety A separate assessment of the impact of products on consumer health and safety was not carried out in 2022.	25
	416–2	Incidents of non-compliance concerning the health and safety impacts of products and services		Product quality and consumer safety In 2022, no cases of non-compliance of the Group's products with mandatory or voluntary standards and requirements for the impact of products on consumer health and safety were identified and recorded. In 2022, the Group did not receive any complaints or suggestions regarding the negative impact of its products on consumer health and safety. In addition, in 2022, no fines were imposed on Interpipe Group for non-compliance with the provisions of the current legislation on product safety and quality.	25
MARKETING AND LABELLING					
GRI 3: Material Topics 2021	3–3	Management of material topics		The Group activities and key products: overview by business segments	25
GRI 417: Marketing and Labelling 2016	417–1	Requirements for product and service information and labelling		Product quality and consumer safety	25
	417–2	Incidents of non-compliance concerning product and service information and labelling		Product quality and consumer safety No cases of non-compliance with regulatory and voluntary (own) requirements and norms regarding product information and labelling were identified in 2022.	25
	417–3	Incidents of non-compliance concerning marketing communications		Product quality and consumer safety There were no cases of non-compliance with regulatory and voluntary (own) norms on marketing communications in 2022.	25
CUSTOMER PRIVACY					
GRI 3: Material Topics 2021	3–3	Management of material topics		Product quality and consumer safety The Personal Data Protection Policy reflects Interpipe's approach to managing this issue and is available on the Group's website here: https://interpipe.biz/esg/gdpr	25
GRI 418: Customer Privacy 2016	418–1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		Product quality and consumer safety In 2022, the Group did not receive any complaints about violations of customer confidentiality and information security, and there were no cases of leaks, theft or loss of customer data.	25

ADDITIONAL INFORMATION

Financial Performance of the Group

TABLE 22. DYNAMICS OF KEY FINANCIAL INDICATORS, THOUSANDS USD

Interpipe Group strives to continuously improve business processes, reduce production costs and use resources more efficiently. The Group's successful strategy allows us not only to grow but also to create economic value for various groups of our stakeholders.

INDICATOR	2020	2021	2022
Direct economic value generated:			
Revenue from sales of products	865,131	1,132,900	981,330
Direct economic value distributed:			
Operating cost (except for salary, benefits, and bonuses)	633,821	852,745	712,458
Employee salaries and benefits, bonuses, other	90,206	106,151	82,761
Distributions to equity holders (dividends to shareholders and payments on debt instruments)	343,992	253,405	171,486
Payments to the state (taxes and non-tax payments)	12,415	7,063	27,868
Social investments (local communities, infrastructure, etc.)	5,754	2,166	19,892
Other costs	—	2,428	64,797
Economic value retained:	−221,057	−91,058	−97,932

Supply Chain and Procurement Practices of the Interpipe Group of Companies

Table 23. Value of purchases by Interpipe Group of Companies in 2022, by categories of goods and services

CATEGORIES OF GOODS AND SERVICES	COST OF PURCHASES, MILLION UAH
For all categories, including:	17,519.60
Goods and services	4,369.93
Logistics	4,919.79
Electricity	2,630.43
Natural gas	2,663.74
Steel scrap	2,935.71

Table 24. Number of Interpipe Group of Companies suppliers in 2022 by procurement category

PROCUREMENT CATEGORY	NUMBER OF SUPPLIERS
For all categories, including:	1,967
Goods	1,065
Logistics	424
Services	354
Steel scrap	107
Electricity	15
Natural gas	2

Table 25. Number of Interpipe Group of Companies suppliers in 2022 by its type

SUPPLIER TYPE	NUMBER OF SUPPLIERS
Total by type of supplier, including:	1,967
Producers	425
Service providers	354
Freight forwarders	257
Dealers	206
Carriers	167
Distributors	143
Traders	117
Trading houses	24
Other	274

Table 26. Number of Interpipe Group of Companies suppliers in 2022 by region of their location

COUNTRY OF LOCATION OF THE SUPPLIER	NUMBER OF SUPPLIERS
Total by country, including:	1,967
Ukraine	1,858
Germany	33
Italy	17
China	7
France	6
Austria	5
Turkey	5
Poland	4
Switzerland	4
USA	4
Estonia	1
Denmark	1
Other	22

The Group personnel

Table 27. Number of full-time employees by Group company and gender (as of the end of the year), person

COMPANY NAME	2020			2021			2022		
	TOTAL	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL	MALE	FEMALE
Total Interpipe Group, including:	9,821	6,130	3,691	10,178	6,318	3,860	9,318	5,920	3,398
PJSC "Interpipe Nizhnedneprovsky Tube Rolling Plant"	3,746	2,499	1,247	2,315	1,567	748	2,064	1,443	621
JSC "Interpipe Novomoskovsk Pipe-Production Plant"	608	415	193	545	376	169	171	136	35
"Interpipe Niko Tube" LLC	2,797	1,840	957	4,678	2,997	1,681	4,654	3,011	1,643
"MP "Dneprosteel" LLC	546	413	133	582	438	144	593	452	141
"Dneprosteel-Energo" LLC	9	2	7	8	2	6	8	2	6
"Transkom-Dnepr" LLC	64	55	9	62	53	9	57	49	8
"Limestone factory" LLC	0	0	0	0	0	0	0	0	0
Society "Dishware Novomoskovsk" Ltd	752	202	550	717	191	526	620	185	435
JSC "Interpipe Dneprovttormet"	361	264	97	371	272	99	369	278	91
"META" LLC	15	14	1	15	14	1	0	0	0
"Interpipe Management" LLC	31	8	23	29	6	23	27	7	20
"Interpipe Ukraine" LLC	731	315	416	718	311	407	676	301	375
Interpipe Europe SA	3		3	11	8	3	12	8	4
Klw-Wheelco SA	3	2	1	3	2	1	4	3	1
North American Interpipe, Inc	11	9	2	14	9	5	13	7	6
Interpipe M.E, a free zone establishment with limited liability	15	10	5	17	12	5	14	10	4
Interpipe Central Trade GmbH	4	3	1	4	3	1	3	2	1
Vallourec Niko Tube LLC	125	79	46	89	57	32	33	26	7

Table 28. Number of employees by Group company and gender (average), person

COMPANY NAME	2020			2021			2022		
	TOTAL	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL	MALE	FEMALE
Total Interpipe Group, including:	9,746	6,222	3,524	9,572	6,053	3,519	8,933	5,699	3,234
PJSC "Interpipe Nizhnedneprovsky Tube Rolling Plant"	4,119	2,883	1,237	2,579	1,769	810	2,023	1,414	609
JSC "Interpipe Novomoskovsk Pipe-Production Plant"	621	431	190	537	372	165	361	287	74
"Interpipe Niko Tube" LLC	2,394	1,498	896	3,933	2,556	1,377	4,221	2,731	1,490
"MP "Dneprosteel" LLC	546	423	122	538	417	121	525	400	125
"Dneprosteel-Energo" LLC	9	2	7	8	2	6	8	2	6
"Transkom-Dnepr" LLC	64	55	9	61	52	9	59	51	8
"Limestone factory" LLC	0	0	0	0	0	0	0	0	0
Society "Dishware Novomoskovsk" Ltd	713	191	522	696	200	496	619	185	434
JSC "Interpipe Dneprovttormet"	373	281	92	349	252	97	355	267	88
"META" LLC	24	22	2	14	13	1	11	9	2
"Interpipe Management" LLC	30	10	20	27	8	19	27	7	20
"Interpipe Ukraine" LLC	693	323	370	671	307	364	638	284	354
Interpipe Europe SA	3	0	3	11	8	3	12	8	4
Klw-Wheelco SA	3	2	1	3	2	1	4	3	1
North American Interpipe, Inc	11	9	2	14	9	5	13	7	6
KLW North America, Inc	0	0	0	0	0	0	0	0	0
Interpipe M.E, a free zone establishment with limited liability	15	11	4	17	13	4	14	10	4
Interpipe Central Trade GmbH	4	3	1	4	3	1	3	2	1
Vallourec Niko Tube LLC	124	78	46	110	70	40	40	32	8

Table 29. Number of full-time employees by Group company and age group (as of the end of the year), person

COMPANY NAME	2020				2021				2022			
	TOTAL	UNDER 30	30–50	OVER 50	TOTAL	UNDER 30	30–50	OVER 50	TOTAL	UNDER 30	30–50	OVER 50
Total Interpipe Group, including:	9,821	1,065	5,886	2,870	10,178	1,198	6,092	2,888	9,318	946	5,668	2 704
PJSC “Interpipe Nizhnedneprovsky Tube Rolling Plant”	3,746	371	2,125	1,250	2,315	257	1,323	735	2,064	205	1,188	671
JSC “Interpipe Novomoskovsk Pipe-Production Plant”	608	46	290	272	545	37	247	261	171	17	103	51
“Interpipe Niko Tube” LLC	2,797	287	1,822	688	4,678	566	2,911	1,201	4,654	458	2,894	1,302
“MP “Dneprosteel” LLC	546	87	394	65	582	95	414	73	593	84	430	79
“Dneprosteel-Energo” LLC	9	0	7	2	8	0	5	3	8	0	4	4
“Transkom – Dnepr” LLC	64	1	28	35	62	2	21	39	57	2	18	37
“Limestone factory” LLC	0	0	0	0	0	0	0	0	0	0	0	0
Society “Dishware Novomoskovsk” Ltd	752	89	389	274	717	71	354	292	620	50	303	267
JSC “Interpipe Dneprovstormet”	361	43	203	115	371	43	209	119	369	22	208	139
“META” LLC	15	0	9	6	15	0	9	6	0	0	0	0
“Interpipe Management” LLC	31	6	22	3	29	6	20	3	27	6	17	4
“Interpipe Ukraine” LLC	731	89	504	138	718	98	486	134	676	89	447	140
Interpipe Europe SA	3	0	3	0	11	0	10	1	12	0	10	2
Klw–Wheelco SA	3	0	2	1	3		2	1	4		3	1
North American Interpipe, Inc	11	0	9	2	14	1	9	4	13	3	8	2
Interpipe M.E, a free zone establishment with limited liability	15	5	8	2	17	2	13	2	14	2	10	2
Interpipe Central Trade GmbH	4	0	3	1	4	0	3	1	3	0	2	1
Vallourec Niko Tube LLC	125	41	68	16	89	20	56	13	33	8	23	2

Table 30. Number of full-time employees by Group company and age group (average), person

COMPANY NAME	2020				2021				2022			
	TOTAL	UNDER 30	30–50	OVER 50	TOTAL	UNDER 30	30–50	OVER 50	TOTAL	UNDER 30	30–50	OVER 50
Total Interpipe Group, including:	9,746	1,111	5,646	2,989	9,572	1,134	5,679	2,759	8,933	904	5,419	2,610
PJSC “Interpipe Nizhnedneprovsky Tube Rolling Plant”	4,119	418	2 188	1,513	2,579	308	1,396	875	2,023	201	1,164	658
JSC “Interpipe Novomoskovsk Pipe-Production Plant”	621	52	296	273	537	37	256	244	361	36	217	108
“Interpipe Niko Tube” LLC	2,394	246	1,560	588	3,933	476	2,447	1,010	4,221	415	2,625	1,181
“MP “Dneprosteel” LLC	546	111	370	65	538	87	386	65	525	74	381	70
“Dneprosteel-Energo” LLC	9	0	6	3	8	0	6	2	8	0	4	4
“Transkom-Dnepr” LLC	64	1	29	34	61	1	25	35	59	2	19	38
Society “Dishware Novomoskovsk” Ltd	713	115	346	252	696	74	362	260	619	50	303	266
JSC “Interpipe Dneprovstormet”	373	40	219	114	349	44	200	105	355	21	200	134
“META” LLC	24	0	15	9	14	0	9	5	11	0	6	5
“Interpipe Management” LLC	30	3	25	2	27	6	18	3	27	6	17	4
“Interpipe Ukraine” LLC	693	80	498	115	671	74	466	131	638	84	422	132
Interpipe Europe SA	3	0	3	0	11	0	11	0	12	0	10	2
Klw-Wheelco SA	3	0	2	1	3	0	2	1	4	0	3	1
North American Interpipe, Inc	11	2	8	1	14	0	10	4	13	3	8	2
Interpipe M.E, a free zone establishment with limited liability	15	2	11	2	17	2	13	2	14	2	10	2
Interpipe Central Trade GmbH	4	0	3	1	4	0	3	1	3	0	2	1
Vallourec Niko Tube LLC	124	41	67	16	110	25	69	16	40	10	28	2

Table 31. Number of employees by type of employment contract, gender and region (as of the end of the year), person

TYPE OF EMPLOYMENT CONTRACT	TOTAL EMPLOYEES, INCLUDING:			PERMANENT EMPLOYMENT CONTRACT			TEMPORARY EMPLOYMENT CONTRACT		
YEAR	2020	2021	2022	2020	2021	2022	2020	2021	2022
Total	9,821	10,178	9,318	9,168	9,915	9,044	653	263	274
By gender									
Male	6,130	6,318	5,920	5,587	6,178	5,746	543	140	174
Female	3,691	3,860	3,398	3,581	3,737	3,298	110	123	100
By regions									
Ukraine, including:	9,785	10,129	9,272	9,132	9,866	8,998	653	263	274
Dnipro	5,934	6,124	5,916	5,332	5,957	5,785	602	167	131
Nikopol	2,476	2,728	2,565	2,432	2,644	2,441	44	84	124
Novomoskovsk	1,360	1,262	791	1,353	1,250	772	7	12	19
Kharkiv	15	15	0	15	15	0	0	0	0
Europe	10	18	19	10	18	19	0	0	0
America	11	14	13	11	14	13	0	0	0
Middle East and Asia	15	17	14	15	17	14	0	0	0

Table 32. Number of employees by type of employment contract, gender and region (average), person

TYPE OF EMPLOYMENT CONTRACT	TOTAL EMPLOYEES, INCLUDING:			PERMANENT EMPLOYMENT CONTRACT			TEMPORARY EMPLOYMENT CONTRACT		
YEAR	2020	2021	2022	2020	2021	2022	2020	2021	2022
Total	9,746	9,572	8,933	9,155	9,324	8,672	591	248	261
By gender									
Male	6,222	6,053	5,699	5,748	5,879	5,533	474	138	166
Female	3,524	3,519	3,234	3,407	3,445	3,139	117	110	95
By regions									
Ukraine, including:	9,710	9,523	8,887	9,119	9,275	8,626	591	248	261
Dnipro	6,199	5,950	5,559	5,659	5,792	5,434	540	158	125
Nikopol	2,153	2,326	2,337	2,109	2,247	2,219	44	79	118
Novomoskovsk	1,334	1,233	980	1,327	1,222	962	7	11	18
Kharkiv	24	14	11	24	14	11	0	0	0
Europe	10	18	19	10	18	19	0	0	0
America	11	14	13	11	14	13	0	0	0
Middle East and Asia	15	17	14	15	17	14	0	0	0

Table 33. Number of employees by type of employment, gender and region (as of the end of the year), person

INDICATOR	TOTAL EMPLOYEES, INCLUDING			FULL TIME			PART-TIME		
YEAR	2020	2021	2022	2020	2021	2022	2020	2021	2022
Total	9,821	10,178	9,318	9,741	10,067	9,236	80	111	82
By gender									
Male	6,130	6,318	5,920	6,107	6,267	5,884	23	51	36
Female	3,691	3,860	3,398	3,634	3,800	3,352	57	60	46
By regions									
Ukraine, including:	9,785	10,129	9,272	9,705	10,018	9,190	80	111	82
Dnipro	5,934	6,124	5,916	5,885	6,029	5,848	49	95	68
Nikopol	2,476	2,728	2,565	2,451	2,719	2,562	25	9	3
Novomoskovsk	1,360	1,262	791	1,355	1,256	780	5	6	11
Kharkiv	15	15	0	14	14	0	1	1	0
Europe	10	18	19	10	18	19	0	0	0
America	11	14	13	11	14	13	0	0	0
Middle East and Asia	15	17	14	15	17	14	0	0	0

Table 34. Number of employees by type of employment, gender and region (average), person

INDICATOR	TOTAL EMPLOYEES, INCLUDING			FULL TIME			PART-TIME		
YEAR	2020	2021	2022	2020	2021	2022	2020	2021	2022
Total	9,746	9,572	8,933	9,666	9,461	8,843	80	111	90
By gender									
Male	6,222	6,053	5,699	6,199	6,002	5,660	23	51	39
Female	3,524	3,519	3,234	3,467	3,459	3,183	57	60	51
By regions									
Ukraine, including:	9,710	9,523	8,887	9,630	9,412	8,797	80	111	90
Dnipro	6,199	5,950	5,559	6,150	5,854	5,482	49	96	77
Nikopol	2,153	2,326	2,337	2,128	2,317	2,334	25	9	3
Novomoskovsk	1,334	1,233	980	1,329	1,227	970	5	6	10
Kharkiv	24	14	11	23	14	11	1	0	0
Europe	10	18	19	10	18	19	0	0	0
America	11	14	13	11	14	13	0	0	0
Middle East and Asia	15	17	14	15	17	14	0	0	0

Table 35. Number of employees hired and dismissed by age, gender and region, person

INDICATOR	NUMBER OF NEW HIRES			NUMBER OF DISMISSED EMPLOYEES			OF THEM WERE VOLUNTARILY DISMISSED		
YEAR	2020	2021	2022	2020	2021	2022	2020	2021	2022
Total, including:	997	2,346	821	2,302	1,860	1,597	962	1,196	668
By gender									
Male	687	1,559	626	1,523	1,241	963	639	80	398
Female	310	787	195	779	619	634	323	396	270
By age									
Under 30	312	674	203	430	441	281	176	273	138
30–50	528	1,306	488	1,036	1,033	788	395	669	336
Over 50	157	366	130	836	386	528	391	254	194
By regions									
Ukraine, including:	994	2,330	810	2,298	1,857	1,582	958	1,193	653
Dnipro	579	1,394	564	1,235	1,069	758	534	709	421
Nikopol	249	737	193	733	496	385	259	273	134
Novomoskovsk	166	198	53	318	291	424	165	210	97
Kharkiv	0	1	0	12	1	15	0	1	1
Europe	1	8	1	1	0	1	1	0	1
America	2	5	7	2	2	8	2	2	8
Middle East and Asia	0	3	3	1	1	6	1	1	6

Table 36. Turnover rate by gender, age and regions, %

INDICATOR	EMPLOYEES TURNOVER RATE		
YEAR	2020	2021	2022
Total, including:	23,62%	19,43%	17,88%
By gender			
Male	24,48%	20,50%	16,90%
Female	22,11%	17,59%	19,60%
By age			
Under 30	38,70%	38,89%	31,08%
30–50	18,35%	18,19%	14,54%
Over 50	27,97%	13,99%	20,23%
By regions			
Ukraine, including:	23,67%	19,50%	17,80%
Dnipro	19,92%	17,97%	13,64%
Nikopol	34,05%	21,32%	16,47%
Novomoskovsk	23,84%	23,60%	43,27%
Kharkiv	50,00%	7,14%	136,36%
Europe	10,00%	0,00%	5,26%
America	18,18%	14,29%	61,54%
Middle East and Asia	6,67%	5,88%	42,86%

Inclusion and diversity in the workplace

Table 37. Breakdown of the number of employees by gender, age and category as at the end of the year

CATEGORY	NUMBER OF EMPLOYEES OF THE GROUP, INCLUDING:			MANAGEMENT									OTHER EMPLOYEES		
				SENIOR MANAGEMENT			MIDDLE MANAGEMENT			LOWER MANAGEMENT					
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Total, including:	9,821	10,178	9,318	79	83	70	223	235	223	570	552	552	8,949	9,308	8,473
By gender:															
Male	6,130	6,318	5,920	59	63	54	155	162	145	463	451	338	5,453	5,642	5,383
Female	3,691	3,860	3,398	20	20	16	68	73	78	107	101	214	3,496	3,666	3,090
By age:															
Under 30	1,065	1,198	946	0	0	0	5	5	5	24	24	25	1,036	1,169	916
30–50	5,886	6,092	5,668	54	63	48	161	162	162	429	424	424	5,242	5,443	5,034
Over 50	2,870	2,888	2,704	25	20	22	57	68	56	117	104	103	2,671	2,696	2,523

Table 38. Breakdown of the average number of employees by gender, age and category

CATEGORY	NUMBER OF EMPLOYEES OF THE GROUP, INCLUDING:			MANAGEMENT									OTHER EMPLOYEES		
				SENIOR MANAGEMENT			MIDDLE MANAGEMENT			LOWER MANAGEMENT					
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Total, including:	9,746	9,572	8,933	79	80	71	218	220	223	570	516	527	8,879	8,756	8,112
By gender:															
Male	6,222	6,053	5,699	59	60	55	139	138	145	463	431	322	5,561	5,424	5,177
Female	3,524	3,519	3,234	20	20	16	79	82	78	107	85	205	3,318	3,332	2,935
By age:															
Under 30	1,111	1,134	904	0	0	0	5	8	6	27	20	25	1,079	1,106	873
30–50	5,646	5,679	5,419	54	58	49	151	141	161	422	416	404	5,019	5,064	4,805
Over 50	2,989	2,759	2,610	25	22	22	62	71	56	121	80	98	2,781	2,586	2,434

Table 39. Structure of the number of employees by gender, age and category as at the end of the year

CATEGORY	NUMBER OF EMPLOYEES OF THE GROUP, INCLUDING:			MANAGEMENT									OTHER EMPLOYEES		
				SENIOR MANAGEMENT			MIDDLE MANAGEMENT			LOWER MANAGEMENT					
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
By gender:															
Male	62%	64%	75%	76%	77%	70%	69%	65%	81%	82%	61%	61%	61%	64%	62%
Female	38%	36%	25%	24%	23%	30%	31%	35%	19%	18%	39%	39%	39%	36%	38%
By age:															
Under 30	11%	12%	10%	0%	0%	0%	2%	2%	2%	4%	4%	4%	12%	13%	11%
30—50	60%	60%	61%	68%	76%	69%	72%	69%	73%	75%	77%	77%	59%	58%	59%
Over 50	29%	28%	29%	32%	24%	31%	26%	29%	25%	21%	19%	19%	30%	29%	30%

Table 40. Breakdown of the representatives of the corporate governance bodies of the PJSC “Interpipe Nizhnedneprovsky Tube Rolling Plant”, JSC “Interpipe Novomoskovsk Pipe-Production Plant”, “Interpipe Niko Tube” LLC, “MP “Dneprosteel” LLC, Society “Dishware Novomoskovsk” Ltd and JSC “Interpipe Dneprovttormet” by gender and age as at the end of the year

INTERPIPE GROUP OF COMPANIES TOTAL		TOTAL, INCLUDING:	BY GENDER:		GENDER STRUCTURE, %		BY AGE:			AGE STRUCTURE, %		
			MALE	FEMALE	MALE	FEMALE	UNDER 30	30–50	OVER 50	UNDER 30	30–50	OVER 50
Total, including:	2020	56	45	11	80%	20%	—	38	18	—	68%	32%
	2021	58	46	12	79%	21%	—	39	19	—	67%	33%
	2022	59	47	12	80%	20%	—	35	24	—	59%	41%
Management board	2020	33	26	7	79%	21%	—	20	13	—	61%	39%
	2021	34	27	7	79%	21%	—	21	13	—	62%	38%
	2022	36	29	7	81%	19%	—	22	14	—	61%	39%
Supervisory Board	2020	23	19	4	83%	17%	—	18	5	—	78%	22%
	2021	24	19	5	79%	21%	—	18	6	—	75%	25%
	2022	23	18	5	78%	22%	—	13	10	—	57%	43%

Table 41. Number of employed persons with disabilities by disability group at Interpipe Group of Companies enterprises as of the end of the year

ENTITY OF THE GROUP	2020				2021				2022			
	TOTAL	1 ST GROUP	2 ND GROUP	3 RD GROUP	TOTAL	1 ST GROUP	2 ND GROUP	3 RD GROUP	TOTAL	1 ST GROUP	2 ND GROUP	3 RD GROUP
Group total	415	8	66	341	400	7	64	329	338	4	50	284
Vallourec Niko Tube LLC	7	—	2	5	3	—	1	2	1	—	1	—
PJSC “Interpipe Nizhnedneprovsky Tube Rolling Plant”	163	8	33	122	89	2	18	69	76	1	19	56
JSC “Interpipe Novomoskovsk Pipe-Production Plant”	25	—	2	23	24	—	4	20	7	—	1	6
“Interpipe Niko Tube” LLC	113	—	9	104	182	5	22	155	166	3	18	145
“MP “Dneprosteel” LLC	22	—	5	17	25	—	4	21	21	—	3	18
“Dneprosteel-Energo” LLC	—	—	—	—	—	—	—	—	—	—	—	—
“Transkom – Dnepr” LLC	3	—	1	2	3	—	1	2	2	—	1	1
Society “Dishware Novomoskovsk” Ltd	31	—	4	27	29	—	3	26	24	—	2	22
JSC “Interpipe Dneprovttormet”	16	—	2	14	16	—	2	14	14	—	1	13
“META” LLC	1	—	—	1	1	—	—	1	—	—	—	—
“Interpipe Management” LLC	2	—	1	1	1	—	1	—	1	—	1	—
“Interpipe Ukraine” LLC	32	—	7	25	27	—	8	19	26	—	3	23

Table 42. Proportion of Interpipe Group of Companies senior management hired from the local community

INDICATOR	2020	2021	2022
Share of senior management who are citizens of Ukraine	93%	96%	97%
Percentage of senior management who are representatives of local communities	4%	4%	5%

Training and opportunities at the workplace

Table 43. Average number of training hours per employee per year⁵⁵

EMPLOYEE CATEGORY	GENDER	TOTAL NUMBER OF EMPLOYEES			TOTAL NUMBER OF HOURS OF TRAINING			TOTAL NUMBER OF EMPLOYEES TRAINED			AVERAGE NUMBER OF TRAINING HOURS PER EMPLOYEE		
		2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
All employees, including:	Total, including:	9,572	9,955	9,174	1,321,385	1,524,943	943,360	5,646	5,977	3,809	138	153	103
	male	5,956	6,158	5,813	903,708	1,084,718	648,245	3,901	4,351	2,876	152	176	112
	female	3,616	3,797	3,361	417,677	440,225	295,115	1,745	1,626	933	116	116	88
Blue collar	Total, including:	7,112	7,504	6,836	1,297,845	1,494,417	920,041	4,500	4,247	2,859	182	199	135
	male	4,698	4,882	4,580	892,808	1,066,855	633,319	3,243	3,197	2,259	190	219	138
	female	2,414	2,622	2,256	405,037	427,562	286,722	1,257	1,050	600	168	163	127
White collar	Total, including:	2,460	2,451	2,338	23,540	30,526	23,319	1,146	1,730	950	10	12	10
	male	1,258	1,276	1,233	10,900	17,863	14,926	658	1,154	617	9	14	12
	female	1,202	1,175	1,105	12,640	12,663	8,393	488	576	333	11	11	8

Table 44. Number of employees who received regular performance review in 2022⁵⁶

EMPLOYEE CATEGORY	GENDER	TOTAL NUMBER OF EMPLOYEES	NUMBER OF EMPLOYEES RECEIVING REGULAR PERFORMANCE REVIEWS	PERCENTAGE OF THE TOTAL NUMBER OF EMPLOYEES
All employees, including:	Total, including:	8,102	5,453	67%
	male	5,227	3,740	72%
	female	2,875	1,713	60%
Blue collar	Total, including:	6,590	5,243	80%
	male	4,381	3,605	82%
	female	2,209	1,638	74%
White collar	Total, including:	1512	210	26%
	male	846	135	28%
	female	666	75	23%

The usage of materials and waste management

Table 45. The amount of waste from Interpipe Group of Companies enterprises that was sent for recycling, ton

WASTE SENT FOR RECYCLING	2020		2021		2022	
	ON THE TERRITORY OF THE GROUP'S ENTERPRISES	OUTSIDE THE TERRITORY OF THE GROUP'S ENTERPRISES	ON THE TERRITORY OF THE GROUP'S ENTERPRISES	OUTSIDE THE TERRITORY OF THE GROUP'S ENTERPRISES	ON THE TERRITORY OF THE GROUP'S ENTERPRISES	OUTSIDE THE TERRITORY OF THE GROUP'S ENTERPRISES
Class I (extremely hazardous)	—	4.47	—	1.60	—	2.73
Class II (highly hazardous)	—	14.16	—	4.66	—	0.49
Class III (moderately hazardous)	—	41,194.67	—	58,963.85	—	37,544.07
Class IV (slightly hazardous)	9,830.66	23,275.04	632.25	28,718.81	14.41	18,019.98

⁵⁵ The data includes information received from "Interpipe Management" LLC, PJSC "Interpipe Nizhnedneprovsky Tube Rolling Plant", "Interpipe Niko Tube" LLC, "MP "Dneprosteel", LLC, JSC "Interpipe Dneprovstremet", JSC "Interpipe Novomoskovsk Pipe-Production Plant", Society "Dishware Novomoskovsk" Ltd

⁵⁶ The data includes information received from "Interpipe Niko Tube" LLC, "MP "Dneprosteel", JSC "Interpipe Novomoskovsk Pipe-Production Plant", Society "Dishware Novomoskovsk" Ltd

Table 46. The amount of waste from Interpipe Group of Companies enterprises that was sent for disposal, ton

WASTE SENT FOR DISPOSAL	2020		2021		2022	
	ON THE TERRITORY OF THE GROUP'S ENTERPRISES	OUTSIDE THE TERRITORY OF THE GROUP'S ENTERPRISES	ON THE TERRITORY OF THE GROUP'S ENTERPRISES	OUTSIDE THE TERRITORY OF THE GROUP'S ENTERPRISES	ON THE TERRITORY OF THE GROUP'S ENTERPRISES	OUTSIDE THE TERRITORY OF THE GROUP'S ENTERPRISES
Class I (extremely hazardous)	—	—	—	—	—	—
Class II (highly hazardous)	—	—	—	—	—	—
Class III (moderately hazardous)	—	67.49	—	83.31	—	30.94
Class IV (slightly hazardous)	125,369.57	16,240.70	175,690.20	20,954.70	129,926.66	11,069.35

Energy consumption, air emissions and climate change mitigation

Table 47. Volume of electricity sold by Interpipe Group of Companies to third parties, MWh

INDICATOR	2020	2021	2022
Electricity sold to a third party	0	81,740	106,662

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